Moral & Material Progress and Condition of India. 1931-32

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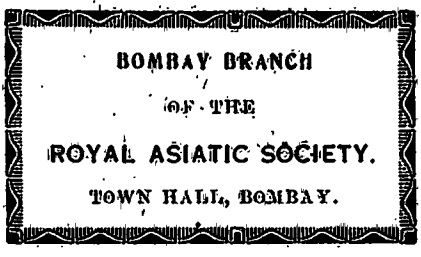

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EAST INDIA (PROGRESS AND CONDITION)

Statement Exhibiting the

Moral and Material Progress and Condition of India

during the year 1931-32

Sixty-Seventh Number

India Office,
21st November 1933

S. F. STEWART,
Under Secretary of State for India

(Presented pursuant to the Government of India Act)

Ordered by The House of Commons *to be Printed*
21st November, 1933

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PREFATORY NOTE.

This report, which has been prepared for presentation to Parliament, is issued by the Bureau of Public Information, Government of India, under the authority and with the general approval of the Secretary of State for India; but it must not be understood that the approval either of the Secretary of State or of the Government of India extends to every particular expression of opinion.

The drafting of this report has been conditioned by a decision appreciably to restrict its size. As a consequence, the descriptive and explanatory passages which have been a feature of recent reports and served to introduce the subject matter of the year under review have been omitted from this report which is confined as far as possible to events falling within the year 1931-32. The chapter on politics and administration however has not been curtailed and actually covers a longer period than in previous reports, having been taken up to the end of 1932 instead of ending with March 1932. The chapter on the provinces has been omitted in order to keep down the size of the book. Full information is available in the provincial administration and departmental reports.

CORRIGENDA.

Page 14, line 37. For "actually" substitute "acutely".

Page 41. For line 33 substitute "discouraged. The absence of serious clashes between the police".

Page 48. For line 31 substitute "ment had actually effected reductions to the extent of Rs. 433 lakhs."

Page 67. Transpose lines 12 and 13.

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CHAPTER

Politics and Administration.

This chapter has hitherto been confined to the financial year from April to March but on this occasion has been taken to the end of the second year in order to secure a more natural termination; for in March 1932 certain political and constitutional factors were still fluid. Civil disobedience though checked remained active; the various constitutional committees were still at work and the communal problem yet unsolved; and the constitutional plan had not then received the shaping contributed by the third session of the Round Table Conference. **Scope of chapter.**

Our period runs therefore from April 1931 to December 1932 and itself falls into two natural divisions. The first period covers the currency of the Delhi settlement of the 5th March 1931, commonly known as the "pact"; the second period the revival and decline of the civil disobedience movement. The main interest of the first period is the manner in which the Congress responded to Lord Irwin's earnest endeavour to establish conditions in which they might honourably play their part in framing the future constitution. In the second period the central *motif* is the Government's dual policy—on the one hand a resolute stand against civil disobedience, on the other hand steady and expeditious progress with the constitutional programme; until by the end of the year untouchability vies with civil disobedience as the main issue of domestic administration and, constitutionally, interest is centred in the approaching publication of the White Paper.

Before embarking on our narrative proper we must record the outstanding event at the opening of our period, the change in the Viceroyalty. Lord Irwin sailed from Bombay on the 18th April, a Viceroy who had won an unique place in the affections of India's people. The appointment of his successor had been generally well received, for it was recognized that Lord Willingdon's long experience of India no less than his personal attributes eminently fitted him for his exalted office. **Change in the Viceroyalty.**

The date to which our previous report was taken marked the close of a natural historic period covered roughly by the first civil disobedience movement. The settlement negotiated by Lord Irwin **Congress and the "pact".**

and Mr. Gandhi and concluded on the 5th March 1931 was ratified by the Karachi session of the Congress without a single dissentient vote. At the time when our narrative opens therefore the Government had succeeded in bringing Congress into the constitutional arena on honourable terms; and it was confidently hoped by many people that a period of goodwill was beginning in which, freed from the distractions of the civil disobedience movement, the problems of constitution-building might be happily solved, Congress making its due contribution. Whatever uneasiness may have been felt by the discerning, more particularly by reason of the rumours that the more irreconcilable Congress leaders were satisfied with neither the settlement nor the Karachi proceedings, there seems no reason to doubt that Mr. Gandhi was sincerely anxious to reciprocate the Government's efforts and to see that the settlement was duly implemented by the Congress. It soon became clear however that he was to have difficulty with his followers. Throughout the country Congressmen openly proclaimed the settlement as a "victory" for the Congress or frankly described it as a "truce". This attitude unhappily was not confined to the irresponsible among the rank and file, not perhaps unnaturally elated because their leader had parleyed on equal terms with the representative of the King-Emperor, but was also displayed by a number of Congress leaders. Consequently the situation in some provinces began to deteriorate, for local Governments in their anxiety to observe the settlement refrained even from normal action under the ordinary law against over-exuberant Congress followers. In the Punjab in particular, following the extraordinary agitation in connection with the execution of Bhagat Singh and the disgraceful resolution passed by a Sikh association sympathising with the murderer of Mrs. Curtis, the wife of a British officer, the spate of violent speeches had swelled so markedly as to become a matter of some alarm to the administration. As a result the Governor of the province in a speech on the 25th April made it clear that for the future the ordinary law would be vigorously enforced whether against Congressmen or others, particularly in respect of speeches calculated to encourage or to incite to crimes of violence. A similar policy was followed by other local Governments from about this time.

Picketing and the boycott.

Another and not unexpected result of the "pact" was an increase in picketing. It appears to have been thought that the

"pact" conceded some right of peaceful picketing that had not existed before and, erroneous though this impression was, Congress followers hastened to make use of a hard-won concession. But this enthusiasm proved to be temporary. Although here and there picketing was conducted on a larger scale than had been attempted formerly, in most places it soon declined in intensity and on the whole ceased to be objectionable and to be the cause of clashes between picketers and shopkeepers or customers. Similarly the boycott ceased with the "pact" to be ostentatiously political. Open discrimination against British goods stopped almost entirely and was replaced by the boycott of foreign goods, including British, advocated on exclusively economic grounds; the "Buy Indian" movement for example was avowedly non-political in origin and on the whole remained so. The practical effect of this general boycott however was confined to cloth. Generally speaking, many dealers still refrained from the sale of foreign cloth, possibly in view of the uncertainty of the future and perhaps because of social pressure; but in several places it began to be sold more freely. The scheme for the re-export of foreign cloth initiated by the Congress did not prove attractive to dealers and confidence in it was never established.

The "pact" and local Governments.

Another feature which revealed itself even at this early stage was a series of accusations by Congress of breaches of the "pact" on the part of local Governments. These at first took the form of allegations that specific provisions had not been observed, for example that civil disobedience prisoners not guilty of violence had not been released and that dismissed officers eligible for restoration within the terms of the "pact" had not been restored to their posts. In addition complaints were made that where the terms of the "pact" had been observed there had been undue delay in doing so. Actually however local Governments had shown great energy and liberality in implementing the settlement. For example, of the 18,725 civil disobedience prisoners in jail on the 5th March 1931, over 14,000 were released by 13th March and over 16,000 or 87 per cent by 21st March. When it is remembered that the terms of release excluded prisoners guilty of any offence involving the element of violence and therefore that each case had to be scrutinised before release could be ordered, the celerity with which this wholesale jail delivery was accomplished reflects great credit on local Governments. A notable act of clemency beyond

the letter of the " pact " was that of the Government of Bombay who released all the prisoners except three convicted in connection with the very grave riots in Sholapur in May 1931 on the ground that the period of imprisonment already undergone adequately met the ends of justice.

On the whole the period up to the end of May was not unsatisfactory. Generally speaking the Congress had done their part in giving effect to the settlement, though the " victory " and " truce " ideas were obviously dangerous and, as events showed, the real test was still to come.

Communal tension.

A greater cause of concern at this period was communal tension. The progress of constitutional discussions had a definite reaction in that it bred a certain nervousness among the Muslim and other minority communities as to their position under a constitution functioning on the majority principle. The first session of the Round Table Conference afforded the first " close-up " of the constitutional future. Until then the ideal of dominion status had progressed little beyond a vague and general conception, but the declaration of the Princes at the opening of the Conference had brought responsibility at the Centre, in the form of a federal government, within definite view. It was therefore high time for the minorities to take stock of their position. Within a few months this uneasiness was intensified by the Irwin-Gandhi settlement, which accorded what appeared to be a privileged position to the Congress, a pre-eminently Hindu body; and Congress elation and pose of victory over the Government did not tend to ease Muslim misgivings. Within three weeks of the " pact " occurred the savage communal riots at Cawnpore, which significantly enough began with the attempts of Congress adherents to force Muhammadan shopkeepers to observe a hartal in memory of Bhagat Singh.

The Muslim position.

Communal tension was therefore a serious political factor at the beginning of the period under review, and on the 5th April at the All-India Muslim Conference held at Delhi Muslim nervousness was given specific expression. In spite of the conversations between Mr. Gandhi and certain Muslim leaders which took place from time to time while the conference was in session with a view to reaching agreement, the conference showed itself

uncompromisingly in favour of separate electorates and unqualified in opposition to the Congress. This position was not improved by a resolution in favour of joint electorates adopted at a meeting of Nationalist Muslims at Lucknow two weeks later; for, applauded by the Congress press, it lent colour to the suggestion that the Muslims were not agreed among themselves, although actually the Nationalist Muslims were in no sense representative of their community as a whole. During the discussions which took place soon after the "pact" Mr. Gandhi and Mr. Vallabhai Patel, generous in success, had offered the Muslims a "blank cheque" on which to inscribe their demands; but the difficulties which Mr. Gandhi encountered at Delhi early in April induced him to take apparent advantage of the so-called dissensions within the Muslim community by adopting the position that Congress could deal only with a united Muslim demand. The only result of this move was to anger the Muslims and so further impede a settlement. Communal tension thus remained acute; Muslim fears of responsibility at the Centre, with its implications of a Hindu *raj*, intensified; and Congress circles tended to become resentful of the growing possibility that the fruits of their "victory" might have to be sacrificed because of the failure to reach a communal settlement. The activities of the other minority communities added complexity to a delicate situation. In the Punjab the Sikhs, moved by much the same apprehensions as the Muslims, began to formulate demands for safeguarding their position, while early in May a conference of Punjab and Frontier Hindus brought into prominence the uneasiness of the Hindu minority in a predominantly Muslim province. The attempts to secure agreement on the major communal issue therefore were not assisted by the reflection that any solution reached was not likely to satisfy either the Sikh or the Hindu minorities. In this tense atmosphere the protracted conversations initiated towards the end of May by the Nawab of Bhopal and the Maharajah of Bikaner produced no tangible results, and indeed were resented by some sections of Muslim opinion as unauthorized.

Economic situation.

Side by side with the communal question the economic situation at this period began to display danger-signals, for the cumulative effect of the sustained fall in prices threatened to react upon the agrarian population. On the whole the previous agricultural season had been good and harvests plentiful and there was no

scarcity either of paddy or of wheat. The difficulty was that surplus produce could either not be sold at all or sold only at abnormally low prices, and cultivators and tenants had serious difficulty in finding the cash with which to meet their obligations of rent or revenue. Mitigated however by the usual policy of remissions on the part of local Governments, these difficulties might have been met without untoward consequences but for the interplay of political factors. The twenty fundamental objects of the Congress adopted at the Karachi session in March included the reduction of land revenue by 50 per cent and total relief to small owners. Lured by this political chimera and anxious to consolidate the prestige which they had won by the settlement, Congress leaders were not able to resist the opportunity of exploiting so fruitful a field as agrarian distress. This development was most marked in the United Provinces but was also conspicuous in the North-West Frontier Province. We propose to deal in some detail with events in these two provinces, for they not only produced the crisis that resulted in the breakdown of the settlement but will also serve to illustrate how the settlement was generally undermined elsewhere by the manner in which in varying degrees the Congress sought to exploit it.

Situation in the United Provinces—April-July.

In the United Provinces the Congress party was led by Pandit Jawahar Lal Nehru who was generally believed to have been an unsettling influence both during the negotiations leading to the settlement and at Karachi. While in the United Provinces the no-tax campaign was definitely abandoned as part of the civil disobedience movement from the date of the settlement, Congress continued to show a keen and sympathetic interest in the lot of the cultivator. This led all too readily to intervention between Government and the landlord (the revenue payer) on the one hand and between the landlord and the tenant (the rent payer) on the other; and thence to an attempt to extend the influence of Congress among the villages and to exalt its position generally. A difficult situation quickly arose. Dissension between landlords and tenants grew and tended to produce a contempt of authority generally. In May rent collectors were attacked by tenants on four separate occasions; crops attached under judicial decree were in a number of cases removed by force; and there were several instances of intimidation, either by violence or by social boycott, of tenants who paid rent—in some cases their crops were burnt. In these circum-

stances Mr. Gandhi was informed by the Government of India of the menace to the maintenance of the settlement which Congress activities in this province constituted, and on the 23rd May after a discussion with the Governor of the United Provinces at Naini Tal Mr. Gandhi addressed a manifesto to the cultivators of the United Provinces advising them to pay as much as they could and not less than a certain minimum. This manifesto showed no real grasp of the situation and certainly did not improve it, for the tendency was almost irresistible to regard the minimum rates suggested by Mr. Gandhi's qualification as maximum rates. It embodied more subtle mischief in that it assumed that Congress was an authority competent to decide what rents should or should not be paid. By the end of May Congress exploitation of the economic situation in the United Provinces had taken the form of encouraging tenants to pay less rent than was actually justified by the circumstances. At the same time they pursued a line of propaganda among the landlords to the effect that it was only through the Congress that rent could be collected at all. Relations between landlords and tenants became increasingly strained and throughout June and July the spirit of lawlessness and resistance to authority noticeably grew. Early in June a zamindar, four of his relatives and two servants were murdered; there were less serious attacks on zamindars in other places, and in many cases large crowds which had assembled in defiance of the zamindars had in the interests of the public peace to be dispersed by the police. This situation was in no sense general; the headway made by Congress varied appreciably from district to district, but in the one district in Agra and the four or five districts in Oudh where the unrest had concentrated the position was so grave that corrective action had to be taken by the local Government with a view to stimulating the recovery of rent and preserving the public peace. The significance of the Congress attitude at this time was illustrated by a speech delivered by Pandit Jawahar Lal Nehru towards the end of June. He repeated the old boast that the Government had sought terms of peace from the Congress, asserted that Congress had agreed to the settlement only on the condition that substantial reductions were made in tenants' rents—a quite unwarranted statement—and went so far as to suggest that, with the ultimate " victory " of the Congress, tenants would become full proprietors of the lands they cultivated. The implication that the landlords

would be expropriated was obviously calculated to promote class enmity.

At the same time the local Government had not been slow to recognize that with prices showing no tendency to recover more systematic action might be required to meet the difficulties of the tenants. Already, after a careful survey of the position in May, they had granted remissions of land revenue amounting to Rs. 68 lakhs, involving in turn remissions of rent amounting to Rs. 2½ crores; and at their instance the Legislative Council passed a resolution on the 23rd July recommending the establishment of a committee to advise as to the necessity of further ameliorative measures.

Situation in the North-West Frontier Province—April-July.

In the North-West Frontier Province it was evident from the early days of the settlement that the activities of Khan Abdul Ghaffar Khan, the " Frontier Gandhi " as he was described, and his Red Shirt organization would be a source of concern to the administration. Even before his arrival in Peshawar on the 11th March after his release from prison Khan Abdul Ghaffar Khan had given out that the " pact " meant but a temporary truce, that preparations for a further conflict must be pursued, and that he proposed to raise the number of Red Shirts to 100,000. He developed this theme in a series of speeches delivered in a tour throughout the countryside and his appeal for the recruitment of Red Shirts won enthusiastic response. On one occasion the Afridis, at that time openly hostile to the Government, and other trans-border tribes were invited to come and make common cause with the people of the Peshawar district. Early in April a drama directly inciting to the murder of the Assistant Commissioner of Charsadda was enacted at a village called Babra before a large audience. The principal participants in the drama were arrested. At first aligning himself with those local leaders who had dissociated themselves from the play and from those responsible for its production, within a few days Khan Abdul Ghaffar Khan changed his tone, congratulated the parents of those who had been arrested on having " such brave sons ", and embarked on another tour delivering provocative speeches in which the administration was denounced for a breach of the settlement because of these arrests. During April he started two main lines of propaganda. The first was the vilification of European officers in general, heedless of the danger of fomenting racial hatred. The second was in regard to the payment of land

revenue. While not advocating the entire non-payment of revenue he would suggest to his audiences that the revenue was a crushing burden for the peasant and that no more could be expected of him than to pay as much as lay within his means. The Pathan who is notoriously dilatory in paying revenue was not slow in response to advice of this kind, and in one area of the Peshawar district the collection of revenue ceased entirely. At the beginning of June the administration announced certain reductions in the land revenue demand on account of the general fall in agricultural prices, the concessions being similar to those recently granted in the Punjab. Khan Abdul Ghaffar Khan not only attempted to take the credit for these concessions but also began to hold out hopes to the tenantry of a reduction of 75 per cent in the revenue demand and the payment of the remaining 25 per cent in kind instead of in cash. By the end of May the numbers of the Red Shirt volunteers had noticeably increased as also the size of the meetings convened under their auspices, and their general provocative behaviour began seriously to threaten the public peace. On one occasion in June the excitement provoked by their attempts to delay the arrest of certain offenders until orders were obtained from Red Shirt headquarters, fanned as it was by Khan Abdul Ghaffar Khan's speeches, produced so dangerous a situation that meetings had to be prohibited. This incident is typical of the strain to which the administration was subjected during these months. Indications of the spread of excitement across the border contributed to the difficulties of the situation. There was no doubt that, taking advantage of the forbearance of the local administration in its desire to maintain the settlement, the contumacious activities of Khan Abdul Ghaffar Khan and his Red Shirt organization were producing a situation fraught with grave consequences.

These disaffected activities in the North-West Frontier Province were the more unfortunate in view of increasing indications that important political elements of the province were prepared to await the impending constitutional reforms. The Statutory Commission's recognition of the need for constitutional progress had been tempered by the peculiar difficulties of conceding responsible Government to a province which, in the words of the Commission, " forms the inevitable terrain for military operations " in the defence of India as a whole. The Government of India however were anxious to meet the political aspirations of the province and their recommenda-

tions were more liberal. Following this lead sub-Committee No. V of the first session of the Round Table Conference proposed that the five administered districts of the province should cease to be administered under the direct control of the Government of India and should be given the status of a Governor's province under the present Government of India Act; the tribal areas it was recognized would, in the interests of defence and foreign policy, have to remain under central control. In pursuance of its general recommendation the sub-Committee suggested that, in view of the peculiar circumstances of the province, the classification of central and provincial subjects should be entrusted to a special committee, and that the question of meeting the financial deficit which the new province was expected to show should also be examined. Accordingly a committee was appointed by the Government of India in May 1931 under the chairmanship of Mr. (now Sir Harry) Haig. The committee's report was published in July. It recommended broadly speaking that so far as the five administered districts were concerned the new province should be placed, in the definition of its sphere of administration, on an exact equality with all other provinces, and it made specific proposals for a subvention from the Government of India for a period of five years in the first instance. As we shall see these preliminaries were to achieve fruition within a year.

Situation in Gujerat—April-July.

To revert to our main narrative, the situation in Gujerat in the Bombay Presidency also gave cause for anxiety at this time. In this area the campaign for the non-payment of land revenue had formed a definite part of the civil disobedience movement. When the settlement was concluded on the 5th March the large arrears then outstanding fell due for payment. A further consequence of the no-tax campaign in this region had been the forfeiture of lands belonging to those who withheld the payment of revenue and their sale to third parties, and the resignation or dismissal of a number of patels (village headmen) who had associated themselves with the movement. The unconditional return of these lands and the restoration of these village officials had been strenuously urged by Mr. Vallabhai Patel during the negotiations preceding the settlement, but it was obviously impossible for the Government, apart from legal complications, to ignore the claims of third parties who had bought the forfeited lands or had been appointed to the vacated offices. This result was found

disappointing in Gujerat and a tendency to delay or withhold the payment of land revenue quickly became manifest. During March very little revenue was collected in the affected areas, particularly in the Bardoli taluk where one-half of the current year's demand was still in arrears on the date of the settlement. This situation was brought to the notice of Mr. Gandhi about the beginning of April and, owing largely to his efforts in the interests of the settlement, collections were satisfactory from the beginning of April until the middle of May. Thereafter they fell rapidly, a development attributed by the local authorities to the efforts of Congress workers to prevent further collections; some Congress leaders had actually gone from village to village advising agriculturists that those under the protection of the Congress need not pay anything beyond the current year's dues. By the beginning of June the situation had become such that in one district in the Bardoli taluk coercive processes had to be instituted against selected persons of whose capacity to pay there was no doubt. These measures were much resented by local Congress leaders, and on his return to the area in July Mr. Gandhi was persuaded to voice the general Congress complaint. The local Government had no difficulty however in showing that the complaint was without substance. All the persons but one against whom coercive action had been taken paid their dues in whole or in part immediately, confirming the contention of the local authorities that the disaffected villages were as well able to pay as the rest of the area but had once again deliberately withheld payment.

General political situation—June and July.

We must now revert to the general political situation. By the end of May some improvement was discernible in most provinces. Under the influence of Mr. Gandhi Congress activities of the demonstrative type and the tone of speeches had tended to become more restrained, and the somewhat exuberant glorification of the settlement as a Congress " victory " had in some degree subsided. On the other hand the idea that the " pact " provided mainly a period of recuperation and preparation for another struggle became more noticeable and began to be recognized by the general public. This aroused misgivings not only among Government officials but also among the non-official supporters of the Government and those anxious that the constitutional programme should not be further impeded. It was also not without its effect in England which in its turn produced repercussions in Indian political circles. A fea-

ture of the more unostentatious side of Congress activity was the attempt to set up parallel institutions. This was most marked in the United Provinces where a Congress committee had been appointed to enquire into the Cawnpore riots and where with the development of the agrarian agitation Congress committees were formed in many villages and tahsils. It had also appeared in the North-West Frontier Province and Sind and in isolated districts in Assam, Bombay, Bengal and Bihar and Orissa. Committees or *panchayats* were organized to function as courts, their proceedings to be enforced by social boycott. At the same time evidence began to appear of the Congress plan to shift the centre of their activities from the towns to the villages. Dictated in part by a decline of interest in the towns which became noticeable by the end of May, it was also no doubt a feature of the general Congress strategy to establish influence in the rural areas. This tendency appeared in the Punjab, Bengal, Bihar and Orissa and the Central Provinces, where the line of action was much the same as we have already noticed in the United Provinces and the North-West Frontier Province, namely, to take advantage of the economic situation.

Congress complaints of breaches of the "pact".

On the other side of the picture Congress complaints that the settlement had not been observed by local Governments increased in volume. They included both specific charges of failure to observe particular provisions of the settlement and also a general allegation of failure to observe its spirit. These complaints, which became known as the Congress "charge-sheet", were personally handed to Mr. (now Sir Herbert) Emerson, the Home Secretary, by Mr. Gandhi in Simla about the middle of July. No time was lost by the Government of India in asking for reports of the facts, and local Governments were equally prompt in reporting. The material thus collected was not published until August but may conveniently be examined here. As regards the allegations of specific breaches of the settlement which were 79 in number it was clearly shown that many of the complaints did not come within the scope of the "pact" at all, while in many other cases the facts plainly refuted the allegation. Minor breaches were established in two or three cases and were repaired by local Governments as soon as they came to notice. In numerous cases it was shown that local Governments had taken liberal action not required by the terms of the settlement. The general conclusion was clear that the Government had spared no endeavour to honour the settlement,

instances to the contrary being so few in number and so trivial in character as clearly to reveal the hollowness of the Congress charges. As to the general charge of failure to observe the spirit of the "pact", which consisted of complaints regarding incidents not claimed to constitute specific breaches, some were shown to be entirely without foundation, others to be misrepresented or exaggerated, while the remainder referred to action taken against Congress activities which either fell within the mischief of the law or necessitated preventive measures in the interests of law and order. Such action of this nature as had been taken was in no case in excess of requirements.

Congress proposals for arbitration machinery.

In connection with the general question of Congress complaints Mr. Gandhi proposed about the middle of June that a permanent board of arbitration should be set up to decide questions of interpretation of the settlement and of the observance of its terms by one party or the other. But the Government were unable to accept this proposal. The obligations imposed on Congress by the settlement related largely to matters affecting law and order and the general conduct of the administration. So far as individual breaches of the settlement contravened the ordinary law the appropriate forum for determination was a criminal court. General breaches of it would almost inevitably raise questions affecting policy in regard to which it would be impossible for Government to restrict their freedom of action by reference to a board of arbitration. Mr. Gandhi then put forward a proposal of more restricted scope, but here again the Government saw insuperable difficulties and concluded generally that any arbitration arrangement would probably create new difficulties rather than remove old ones.

It is important to remember in the light of subsequent developments how these proposals for arbitration machinery implied, firstly, the setting up of the "pact" as something above and beyond the ordinary law, and, secondly, the recognition of Government and the Congress as equals, disputes between whom required reference to and decision by a third party.

During this period communal tension remained acute, especially in north India. In the Punjab in June a bad outbreak of crime at Ferozepur among Muslim agriculturists was directed against Hindu money-lenders and on the 3rd July a serious communal riot occurred at Sikanderabad. An unusual indication of the state of feeling was the fact that an agitation against the management of

an engineering college at Lahore suddenly took a purely communal line. The situation was complicated by events in Kashmir where a serious communal riot occurred at Srinagar on the 13th July. Kashmir is a State where the population is largely Muhammadan and the ruler a Hindu, and the various claims of the Kashmiri Muhammadans brought into prominence by the riot and the agitation that followed it received the very sympathetic attention of their co-religionists not only in the Punjab but also in other parts of India. On the constitutional side the crystallisation of the demand for separate electorates was shown by the unequivocal attitude of a number of all-India conferences held by representatives of the Muhammadan community at Bombay in the first half of June. Congress inability to forward a settlement of the problem or indeed to appreciate the vital character of Muslim demands was revealed by the proceedings of its Working Committee in Bombay early in July, which produced what was described as a "compromise between undiluted communalism and undiluted nationalism". The formula provided for joint electorates with seats reserved for minorities in any province where the minority was less than 25 per cent of the total population. It was promptly denounced by Maulana Shaukat Ali, with whom the Working Committee just previously had conducted abortive conversations, made no appeal whatever to the Muhammadan community and was discountenanced by the Hindu Mahasabha at a session held at Akola. At this time indeed distrust of Congress methods became more pronounced and was vented first at the All-Bengal Muslim Conference held at Dacca early in July and soon after in a statement issued to the press by Maulana Shaukat Ali in which he decried the Congress policy in plain terms.

The Kashmir agitation—July.

Terrorism.

About this time opinion against the Congress was hardening, somewhat unexpectedly, in another quarter. In April two spectacular terrorist crimes had been committed in Bengal. On the 7th, at Midnapore, Mr. Peddie, the district magistrate, was shot and subsequently died of his wounds; and on the 24th a bomb was thrown at some Europeans sitting in the pavilion of the Royal Golf Club, Calcutta; the bomb failed to explode owing to the fuse being damp. Towards the end of July however the menace of the terrorist movement was actually emphasized by the perpetration within a week of three crimes more than usually outrageous in character. The first was an attempt on the life of Sir Ernest Hotson, the acting Governor of Bombay, while visiting the Fergusson College, Poona.

The assailant, a student, fired point-blank at His Excellency who had a miraculous escape, the bullet striking a metal button on his pocket-book. The next day two British military officers were attacked with daggers in a running train on the main Bombay-Agra line and one of them later succumbed to his injuries. This outrage it transpired was designed to avenge the execution of Bhagat Singh. Four days later, on the 27th July, Mr. Garlick, the district judge of Alipore, was shot dead in his court room. The assassin was at once shot down by one of the police sergeants on duty but contrived at the same moment to take poison from which he subsequently died. This crime was also one of revenge, being committed because Mr. Garlick had presided over the tribunal which sentenced the murderer of Colonel Simpson to death. These three outrages and particularly the murder of Mr. Garlick aroused intense European feeling, especially in Calcutta. A crowded meeting mainly of Europeans but with a sprinkling of Hindus and Muhammadans held on the 29th July recorded its indignation and called for action on the part of the Government. On the previous day an outspoken article in the " Statesman " had arraigned the Congress for Mr. Garlick's murder. Several Congress leaders had in fact eulogised terrorist assassins in the past. The Calcutta Corporation, notoriously a pro-Congress body, had actually passed a resolution condoling with the murderer of Colonel Simpson; a Congressman in the Bengal Legislative Council had gone to the length of asking for the adjournment of the house in protest against the execution of the same assassin; while the Karachi session of the Congress had passed a resolution expressing " admiration of the bravery and sacrifice " of Bhagat Singh. It was hardly surprising therefore that indignation against the succession of outrages at the end of August took an anti-Congress turn. It is true that following the " Statesman's " indictment Mr. Gandhi admitted that the Karachi resolution had been a " mistake ". In a speech reported in " Young India ", Mr. Gandhi's paper, on the 13th August he explained that the Congress practice of condemning acts of violence in resolutions which at the same time expressed admiration of the courage and sacrifice of young men had reached the limit, for the praise had been exploited while the qualification had been forgotten. But this apologia was too belated to appease feeling in Calcutta. For a time there was definite danger that Europeans

might take the law into their own hands and resort to reprisals, and European opinion was far less disposed to take a favourable view of the settlement and of the participation of Congress at the Round Table Conference than formerly.

In addition to spectacular outrages directed against the person there were a number of dacoities and robberies, some of them accompanied by murder, committed mostly by young men armed with revolvers. Most of these occurred in Bengal, but two serious terrorist crimes were committed in the neighbouring province of Bihar and Orissa in June. A railway station master was shot in the course of a dacoity and died of his wounds; and two "wanted" revolutionaries threw a bomb at the police who arrested them, killing a sub-inspector and seriously wounding a head constable. The two revolutionaries were also injured, one seriously.

The "Second Settlement" —August.

We must now turn to the events of August resulting in Mr. Gandhi's departure for London at the end of the month. The main purpose of the settlement of the 5th March, it will be remembered, was to bring the Congress into the constitutional deliberations. This purpose had been somewhat obscured in the following months because the immediate problems of maintaining the settlement and of solving the communal issue loomed more important than the somewhat distant meeting of the next session of the Round Table Conference. So obsessed indeed was Mr. Gandhi with the communal problem that he announced on one occasion that he would not feel able to go to London until it had been solved. At a meeting held in Bombay in the early part of June however the Congress Working Committee resolved that failure to reach a communal settlement should not in itself prevent Mr. Gandhi's attendance at the Round Table Conference, "other conditions being favourable". This somewhat obscure proviso was made more clear by subsequent developments. Mr. Gandhi's request that some form of arbitration tribunal should be set up to decide points at issue between the Government and the Congress arising out of the settlement was, as we have seen, refused by the Government at the end of July. In the meantime Mr. Gandhi had been much concerned with developments in the United Provinces and in Gujerat, which he considered amounted to a breach of the settlement on the part of the local Governments concerned. He approached both Governments but was not placated by explanations which showed that the policy adopted had been

defensive and not offensive and carefully restricted to the needs of the situation. Accordingly in the second week of August he telegraphed to the Viceroy that the situation made his departure for London impossible. This decision, which was ratified by the Congress Working Committee, was far from receiving general applause. It was considered in many quarters, and even Pandit Malaviya and Mrs. Sarojini Naidu shared this view, that Mr. Gandhi was neglecting major interests for the sake of minor issues. The publication of the correspondence regarding the Congress demand for arbitration, accompanied by Mr. Gandhi's repetition of his claim that the Congress was the intermediary between the Government and the people, in no way helped the Congress cause. Similarly Congress derived no benefit from the publication soon afterwards of their " charge-sheet ", promptly countered as it was by the issue of the replies of local Governments on practically every allegation made. The situation held in fact no particular strategical advantage for the Congress. Their decision not to be represented at the Round Table Conference was actually a breach of the settlement, while their charge that the settlement had already been broken by the Government was not capable of substantiation in impartial eyes either at home or abroad. In the result the spirit of conciliation prevailed and following the discussions between the Viceroy and Mr. Gandhi at Simla a Government communiqué was published on the 28th August. This communiqué, sometimes called the " second settlement ", provided that the Congress would be represented at the Round Table Conference by Mr. Gandhi; that the settlement of the 5th March would remain operative; that the Congress complaint regarding repressive action in Bardoli would be made the subject of an enquiry* by a Collector under precise terms of reference; that no enquiry would be held into any other complaint made by the Congress; and that future complaints would be dealt with in accordance with ordinary administrative procedure and practice including the question of holding an enquiry, the necessity for which would be determined by the local Government concerned.

Following Mr. Gandhi's departure for London a brief period of calm ensued. Undoubtedly his decision to participate in the Round

* The enquiry, the report of which was published in December, showed that the Congress allegations of excessive demands of revenue and of police coercion were unfounded.

Table Conference was welcomed by all sections of the community except perhaps the Muslims. There was no eagerness for a renewal of the civil disobedience movement; on the contrary the commercial and trading classes in particular were anxious for a period of peace. Moderate political opinion was impatient to proceed with the constitutional programme and hoped that a co-operating Congress might expedite matters. Congress supporters no doubt felt that on the whole it was desirable for the Congress case to be presented to the Conference; otherwise the Hindu position *vis-à-vis* the Muslims might be prejudiced and reaction harden in England and in India on constitutional matters, signs of which had not been lacking during the past few months. Hindu opinion however was far from solid in support of Mr. Gandhi and the Congress. The Hindu minority in the Punjab was definitely anxious lest Mr. Gandhi should concede too much to the Muslims, an apprehension which was shared by the Sikhs. For the same reason the ranks of Hindu orthodoxy were somewhat uneasy, while representatives of the depressed classes were considering how best to safeguard the interests of their community. The Muslims were as hostile to the Congress as ever and genuinely feared that Mr. Gandhi's views might receive too much attention at the Conference to the detriment of Muslim claims.

The financial crisis in September.

With Mr. Gandhi's departure the centre of political interest shifted to London, and the financial crisis of the second half of September, although a serious shock to the country as a whole, did little to disturb the general political calm. When on the 21st September the British Government announced their decision to abandon the gold standard prompt action was clearly necessary in India if panic were to be prevented. An ordinance (No. VI of 1931) was issued relieving the Government from their obligation under the Currency Act to sell gold or sterling and the three days from the 22nd to the 24th September were declared public holidays under the Negotiable Instruments Act. The decision to link the rupee to sterling at 1*s.* 6*d.* was announced on the 24th September, and another ordinance (No. VII of 1931) was issued cancelling the earlier ordinance and limiting the sales of gold or sterling by Government to certain definite purposes. When the banks reopened on the 25th September confidence had been largely restored, and fortunately there was little attempt, as might have been appre-

heeded, to exploit the situation by agitation among the rural classes. Within a few days the Emergency Finance Bill was introduced in the Assembly by the Finance Member, and here again the political effects were less than might have been anticipated. The financial programme—which will be more fully described later—included heavy and varied taxation, always unpopular, and a 10 per cent cut in the pay of Government servants. The latter feature, epitomising as it did the general financial depression and combined with the uncertainties of the political situation, undoubtedly had an unsettling effect on Government servants as a class; and in particular the subordinate ranks of the very large staff employed by the Railway and the Posts and Telegraphs Departments might have offered an attractive field to the agitator. On the whole however the political reactions of these two major financial issues were not serious. Congress refrained from taking a definite line either on the currency question or the financial programme, possibly due to the absence of a clear lead from Mr. Gandhi who at that time was involved in the communal difficulties of the Round Table Conference.

The Simla session.

The introduction of the Emergency Finance Bill had been foreshadowed in the Viceroy's address to the members of both Houses on the 14th September 1931, when His Excellency stated that the Government were " determined to meet the situation adequately and to maintain those principles of sound finance which India had always followed ". His Excellency also referred to the Round Table Conference, then in session, and once again emphasized the supreme desirability of maintaining peaceful conditions in India during the discussions. On the political side the most important feature of the Simla session was the discussion on the Press Bill, designed to suppress the publication of matter inciting to or encouraging murder or violence. The bill evoked some opposition, the main criticisms being that it would muzzle the press and confer too great a power on the executive without achieving the object with which it had been framed. There was no disputing however that there had been a great increase in terrorist crime and as Sir James Crerar, the Home Member, pointed out, an important contributory cause of this increase had been the incitement to murder and violence in certain sections of the press. The bill, he went on to explain, was not intended as an indictment of the press as a whole and was definitely restricted in compass to its immediate

The Press Bill.

object. After some modification in select committee the bill was passed by the Assembly on the 3rd October by 55 votes to 24 and unanimously by the Council of State.

The Foreign Relations Bill.

Another bill which caused considerable interest in the Assembly and some excitement among the Muslim members was the Foreign Relations Bill—replacing an ordinance promulgated in the previous April—penalising publications calculated to interfere with the maintenance of good relations between His Majesty's Government and friendly foreign States. In effect it was directed against articles defamatory of the rulers of certain States adjoining the frontiers of India and was not applicable, as was contended by one section of the opposition, to Indian States. It was attacked by Muslim members on the ground that it would affect their right to sympathise with their co-religionists in foreign countries. The Foreign Secretary explained that the danger was real and that it was better to muzzle a few irresponsible journalists, on whom the ordinance had had a salutary effect, than to take the risk of impairing friendly relations with foreign Rulers. The bill was passed by the Assembly on the 2nd April 1932.

A motion to refer to a select committee a non-official bill to amend section 144 of the Criminal Procedure Code was rejected without a division. This section provides for preventive action in emergencies threatening the public tranquillity and the Assembly showed real grasp of administrative essentials in rejecting a proposal which, inspired by political motives, would have seriously emasculated what experience has shown to be an indispensable power.

In addition the Assembly discussed two resolutions dealing with agricultural distress and a third which declared that no constitution would be " acceptable to the people of India in which the position of the Governor-General of India does not closely approximate to that of a constitutional Governor-General, as that of Canada ". This resolution was withdrawn on an assurance being given that the proceedings of the debate would be brought to the notice of His Majesty's Government.

The Emergency Budget and the special session.

From the 4th to the 20th November a special session of the Assembly was held to deal with the Emergency Finance Bill. In the first five months of the financial year 1931-32 revenue receipts had fallen below budget estimates to an extent which threatened a

deficit of over Rs. 19 crores at the end of the year. To meet this situation adequately and to maintain India's credit in the face of world-wide economic disturbance it was essential, Sir George Schuster explained to the Assembly, not only to take immediate measures but also, since the full effects of retrenchment would not be secured or financial equilibrium properly assured within six months, to provide for the continuance of those measures for 18 months. On this basis, estimating deficits of over Rs. 19 crores in each of the years 1931-32 and 1932-33, the programme of taxation and retrenchment (including the cut in pay) announced by the Finance Member budgeted for a deficit of Rs. 10·17 crores at the end of 1931-32 and for a surplus of Rs. 5·23 crores at the end of the following year. The 18 months' programme was criticised as inadvisable in the uncertain conditions which then prevailed and also as constitutionally improper. Sir George Rainy, the Leader of the House, had no difficulty in disposing of the latter objection and as regards the former pointed out that the Government were not only dealing with an emergency but had also to take a longer view of India's credit. " The rate at which India could borrow and the prospects of the Government of India being able to resume the economic development of the country depended fundamentally on the opinion which the commercial and financial world held of the Government of India's solvency and of their determination to deal with the economic crisis on its merits ". The other main lines of criticism were the inadequacy of retrenchment, especially in the army budget, and the inexpediency and severity of the new proposals for taxation, which it was urged would on the one hand " tax the country out of existence " and on the other hand suffer from the law of diminishing returns. Sir George Schuster was able to show however that substantial retrenchment had already been effected and that further economies were under consideration; the Army budget which five years before stood at Rs. 55 crores had been reduced to what would formerly have been regarded as the impossible figure of Rs. 46·6 crores. Nevertheless the Assembly proceeded to reject four of the proposals for taxation, namely, the proposed new tax on machinery, the increase in certain inland postal rates, the lowering of the limit of income liable to income-tax, and the imposition of surcharges on the income-tax rates as increased by the last budget. The total loss thus caused to the

budget amounted roughly to Rs. 4 crores. This of course undermined the budgetary position, and in a message to the Assembly pointing out the gravity and exceptional nature of the circumstances and the necessity in the interests of financial stability of balancing revenue and expenditure to the end of the next financial year, the Viceroy recommended the acceptance of amendments which would restore the position contemplated when the bill was introduced. Sir Hari Singh Gour however on behalf of the Nationalists and Sir Abdur Rahim on behalf of the Independents dissociated themselves from the further progress of the bill and the amendments restoring the rejected clauses were passed. But they returned to the House and joined in voting against the amended bill which was defeated by 63 votes to 48. It was later passed by the Council of State by 24 votes to 9 and became law on certification by the Viceroy.

The Second Round Table Conference.

In the meantime the Round Table Conference was in session in London. This second session was inevitably less spectacular than the first, when the dramatic declaration of the Princes in favour of federation had stirred the imagination and bestowed a glamour which the arduous consideration of detail was not likely to recapture. In the interval moreover possibilities of discord had emerged. Some misgivings had followed the publication by His Highness the Maharajah of Patiala, supported by the Rulers of Dholpur and Indore, of an alternative to federation, namely, a closer union of the Indian States themselves through the medium of an improved and strengthened Chamber of Princes acting for the Indian States as a whole *vis-a-vis* the Government of British India; while Princes who did not support this alternative began to look more closely at the consequences of their entry into a federation. Secondly, communal differences as we have seen had become more acute since the first session. The misgivings of the minorities as to their lot under a responsible form of Government had led to an unprecedented degree of political activity, particularly in the Muslim community. Countless speeches were made, meetings held, organizations formed and expanded, with Muslim claims progressively hardening into the uncompromising mandate with which the Muslim delegates to the second session were bidden God-speed. With other minorities equally adamant in their claims, the Minorities sub-Committee was from the outset faced with an almost super-

human task. Unfortunately the representatives of the Congress were unable to make any constructive contribution to the deliberations of the Conference, and in fact only exposed the emptiness of the Congress claim to represent the whole of India. Academic dissertations along the rigid lines of the Congress brief could not assist discussions designed to accommodate many conflicting points of view, and in no respect was Congress inability or unwillingness to face realities more marked than in dealing with the minorities question. Formal meetings and informal conversations were alike unavailing, and after three adjournments, the third over a period of five weeks, the Minorities sub-Committee was obliged to report failure to reach a settlement. Mr. Gandhi steadfastly refused to consider any proposal for separate electorates for any community except the Muhammadans, the Sikhs and the Europeans, and as regards the depressed classes in particular insisted that they were Hindus and must be kept within the Hindu fold. Dr. Ambedkar, the spokesman of the depressed classes, was led by Mr. Gandhi's unyielding attitude into a definite demand for separate electorates and the depressed classes were supported by the other minorities except the Sikhs. It is possible that Mr. Gandhi would have been more tractable to Muslim claims, but with the breakdown of the negotiations with the other minorities the essential points of difference between the two major communities were never thrashed out.

The communal question impinges on so many aspects of the constitutional problem that the failure to reach agreement inevitably hampered the work of the Conference as a whole; the Muslims for example refused to commit themselves on the basic question of responsibility at the Centre until the minorities problem, and especially their own claims, were settled. The Federal Structure Committee was thus unable to reach definite conclusions on such important matters as the nature of the federal executive and its relationship with the legislature, financial and other safeguards, and in fact most of the essential circumstances affecting the distribution of powers, although these subjects were discussed and the difficult and important question of federal finance was examined by a sub-Committee. Another disturbing influence was a general election in England of more than usual interest and excitement. Those British delegates who were members of the House of Commons had to leave for their constituencies; and so important

a domestic issue attracted much of the attention that would otherwise have been paid to the proceedings of the Conference.

In spite of these difficulties however, the achievements of the second session of the Round Table Conference, while in one respect negative in character, were of definite importance. In the first place, the Prime Minister's declaration of the 1st December made it clear that the British Government were sincerely and determinedly committed to the policy of federal responsibility subject to certain reservations and safeguards during a period of transition. This announcement was of special significance, for the new National Government included many Conservative ministers, whereas the Conservative attitude at the first session of the Round Table Conference had been non-committal. It cannot be doubted that the reaffirmation by the National Government of the policy adopted as a result of the first Round Table Conference helped further to remove distrust of British intentions, and any step in this direction was a definite advance towards that mutual understanding on which alone the constitutional programme could hope to progress to success. Secondly, the second session launched three committees on essential preparatory work, two arising out of the financial survey contained in the report of the Federal Structure sub-Committee on finance and the third to examine the franchise; while a fourth, a working committee of the Conference, was to continue consultations in India and to keep in touch through the Viceroy with the British Government. Thirdly, the fact that on the communal question the second session like the first ended in an *impasse* emphasized once again the depth and intensity of this root issue and thus paved the way for the tacit acceptance in many quarters of the decision for which His Majesty's Government were eventually obliged to assume responsibility. To anticipate for the moment, without the removal of that great stumbling-block the third session of the Round Table Conference could not have reached the conclusions which supplied the framework of the White Paper.

Political situation—October to December.

In the meantime developments in India had disturbed the calm which immediately followed Mr. Gandhi's departure for London. In most provinces the situation had remained quiet, but in Bengal, the United Provinces and the North-West Frontier Province events

had moved so fast as to threaten the peace of India generally. We must deal with each of these three provinces in turn.

Terrorism in Bengal.

In Bengal the general situation arising out of the terrorist movement and the inflaming of racial feeling had become progressively worse. After the assassination of Mr. Garlick on the 27th July the most spectacular outrages—and it is at the spectacular that the terrorist aims—were the following. On the 21st August Mr. Cassels, commissioner of the Dacca division, was shot and wounded in the thigh. On the 30th August K. B. Ahsanullah, a Muhammadan inspector of police, was shot dead while watching a football match in Chittagong. His assailant was a young Hindu boy who fired several shots before he was arrested. This outrage led to immediate reprisals by local Muhammadans and a serious disturbance followed in which many Hindu shops were looted although fortunately there was no loss of life. On the 28th October Mr. Durno, district magistrate of Dacca, was shot and seriously injured and the next day, in Calcutta, Mr. Villiers, President of the European Association, was similarly wounded. On the 14th December Mr. Stevens, district magistrate of Tippera, was shot dead at Comilla by two young Bengali girls. This crime aroused general horror, for the sex of the assassins and their indifference to consequences illustrated both the deep and far-reaching influence of the terrorist organizers and their callous unscrupulousness in the choice of agents. On the 30th December an Indian witness named Asutosh Neogi who had given evidence in a terrorist case was shot dead.

Racial feeling was particularly embittered by the unfortunate affair at the Hijli detention camp on the 16th September, an absurd canard being circulated to the effect that the incident had been arranged by Europeans. The facts were that two sentries who were interfered with by a number of political detenus gave the alarm and in the ensuing mêlée two of the detenus were killed by the police guard. European feeling, greatly stirred by the murder of Mr. Garlick, was aroused still more by the attempts on Mr. Durno and Mr. Villiers and later by the murder of Mr. Stevens, while the Muhammadan community was greatly indignant at the murder of the Chittagong inspector. In this dangerous state of tension the possibility of reprisals was very real. The Government were vehemently criticised on the ground that enough was

not being done to stamp out the terrorist movement. Actually the position was one of grave anxiety to the local Government, for it was difficult to penetrate the veil of secrecy behind which the terrorists worked and still more difficult to foresee and prevent spectacular but isolated outrages. But the time had clearly arrived for the taking of special powers. On the 29th October an ordinance was promulgated widening the scope of the Bengal Criminal Law Amendment Act which provides for the arrest and detention without trial of terrorists. A number of arrests were at once made under the new ordinance and it was hoped that the extended powers which it had conferred would greatly strengthen the hands of the local Government. On the 30th November another ordinance was promulgated providing for the speedier trial of terrorist offences and facilitating combined civil and military operations in the Chittagong district. As regards the latter, it will be remembered that in April 1930 a well-organized terrorist raid was made on the armoury at Chittagong. Several of the raiders remained at large and were responsible for a number of plots to assassinate Government officers. They succeeded in establishing almost a reign of terror in the district, for those who were not in sympathy with them were afraid to give information of their movements. Certain nationalist sections of the press exaggerated these provisions of the ordinance as amounting to a state of martial law and inveighed in hackneyed terms against " repression "; but in point of fact they were far from general in nature and confined to what any right-minded citizen must regard as essential, namely, the apprehension of those responsible for the Chittagong outrage.

Crisis in the United Provinces.

In the United Provinces the committee of the Legislative Council appointed to advise on the question of adjusting rent and revenue to the fall in prices met early in August. A prominent member of the Congress was invited to serve on the committee but failed to accept the invitation until the committee had practically completed its labours. The local Government accepted in substance the unanimous proposals made by the committee, and the remissions consequently ordered amounted to Rs. 1,09 lakhs of revenue involving reductions in rent of Rs. 4,10 lakhs. The general intention of the orders was to reduce rents (subject to certain limitations) to the level of those prevailing about 1900 when prices were much the same as in 1931. The

Congress while taking the credit for these remissions held that they were quite inadequate specially in the Allahabad district and claimed remissions of about Rs. 10 crores amounting to an all round reduction of rent by 60-70 per cent. They also demanded that all arrears of rent should be remitted and further that tenants evicted on account of non-payment of rent should be reinstated. Apart from the fact that except in two or three districts evictions of tenants had not been above normal and that the arrears of rent were due to a very appreciable extent to Congress agitation, both these propositions raised difficult and complicated issues which would have required legislation to give them effect. The local Government's position was that it had done its best, aided and advised by the committee of the Legislative Council, to relieve the cultivators of the burden created by the slump in prices and that beyond this they were prepared to consider exceptional cases in which the measures already ordered might not afford adequate relief. During the period of these negotiations both Government officials and landlords had been subjected to a deliberate campaign of vilification both in the press and from the platform and between the 3rd August and the 8th October the local Government issued no less than 14 communiqués contradicting baseless allegations of the oppression of tenants on the part of officials and zamindars. The inherent consequences of the Congress agitation were revealed clearly enough when in October the Allahabad District Congress Committee asked the Provincial Congress Committee for permission to start a no-tax campaign. Both Mr. Gandhi (then in London) and the Congress Working Committee were consulted but in the result full discretion was left to the Provincial Congress Committee headed by Pandit Jahawar Lal Nehru. While the discussions with the Government were still proceeding the Provincial Congress Committee passed a resolution authorising the Allahabad District Congress Committee to advise tenants and revenue payers to withhold the payment of rent and revenue, and soon afterwards definitely sanctioned a no-rent campaign in four districts. This was at once followed by overt action in pursuance of the resolution and similar action was threatened in other districts. Clearly the local Government could no longer stay its hand. It claimed to have exercised the utmost patience and forbearance in dealing during the previous month with intensive and provocative propaganda and was now faced

with a situation which without the use of special measures would speedily have passed out of control. Accordingly on the 14th December the United Provinces Emergency Powers Ordinance was promulgated and was immediately extended to the affected districts. Pandit Jawahar Lal Nehru was arrested on the 26th December.

Crisis in the North-West Frontier Province.

Events had also developed into a crisis in the North-West Frontier Province. The lull in political activities in the early days of September was soon broken by the return of Khan Abdul Ghaffar Khan from Bombay where he had been authorised by the Congress Working Committee to lead the Congress movement in the frontier province and to reorganize the Youth League as an integral part of the Congress organization under the name of the Frontier Provincial Jirgah (in other words the Frontier Provincial Congress Committee). Towards the close of the month picketing increased markedly. It was estimated that in Peshawar as many as 900 Red Shirt picketers were employed of whom some 300 were on duty at one time. Picket reliefs marched through the city in formations of about 50 and this display of organization and the behaviour and character of the picketers themselves tended to intimidate both the public and the shopkeepers. During October the situation in most districts except Peshawar improved. There were internal dissensions among the leaders and some indications of distrust of Khan Abdul Ghaffar Khan's policy among the people, although he was often able during his flying tours to rekindle enthusiasm by his impassioned propaganda. In the Peshawar district however the situation grew progressively worse. Numerous meetings were held and processions organized and Red Shirt leaders began to set an example of refusing to pay land revenue; one of them was a nephew of Khan Abdul Ghaffar Khan. It became necessary in certain places to prohibit meetings under section 144 of the Criminal Procedure Code, but these orders were either deliberately defied by Khan Abdul Ghaffar Khan or evaded by holding religious meetings in mosques at which political speeches were made. His speeches became more and more inflammatory, seditious and racial in tone and he never ceased to exhort his followers to prepare for the renewal of the coming struggle. At a meeting on the 1st November he declared that the aim and object of his organisation was " to liberate the country from the foreign yoke ". At the conclusion of many of his meetings the Red Shirts

marched away in column with banners flying and drums beating. During the course of his tours he was received in many villages by gatherings of Red Shirts lining the road. A Red Shirt camp was set up in the Peshawar district early in December, tents being pitched and parades and manœuvres held in military style. Attempts were also made to extend the Red Shirt movement across the border into the tribal areas, and inflammatory pamphlets were distributed in Swat territory with the object of stirring up disaffection against its ruler. The Prime Minister's announcement of the 1st December promising early constitutional reforms in the province was received with general satisfaction by the intelligentsia but evoked no response from Khan Abdul Ghaffar Khan. On the contrary his speeches became more hostile in tone and his preparations for an early renewal of the struggle, including the development of the Red Shirt organization, more pronounced. On the 12th December, in a speech which shows clearly enough his connection with the Congress, he said, " people complain against me for having joined the Congress by selling my own nation. The Congress is a national and not a Hindu body. The Congress as a body is working against the British. The British nation is the enemy of the Congress and the Pathans. I have therefore joined it and made common cause with the Congress to get rid of the British ". Khan Abdul Ghaffar Khan and his brother refused the invitation to the Chief Commissioner's durbar fixed for the 22nd December at which it was generally known an important pronouncement would be made in regard to the introduction of the reforms. On the 20th December, two days before the durbar, a meeting of the Frontier Provincial Congress Committee resolved that the Prime Minister's announcement was unsatisfactory, that the object of the Red Shirt organization was to attain complete independence, that the All-India Congress Committee should be asked to put an end to the Irwin-Gandhi settlement, and that Khan Abdul Ghaffar Khan should proceed to Bombay to discuss with Mr. Gandhi plans for the resumption of civil disobedience. It was also resolved to hold a mass meeting on New Year's Day at which the Congress flag would be unfurled. Preparations were speedily put in train to make this ceremony an impressive demonstration of Red Shirt strength and preparedness. In the face of this menace to orderly government it was

obviously impossible to confine action within the limits of ordinary law, and on the 24th December certain ordinances were promulgated and applied to the province. Khan Abdul Ghaffar Khan and other leaders were arrested by surprise on the night of the 24th and the Peshawar district was occupied by six mobile columns. With the exception of a disturbance on the 29th December when a large and disorderly crowd had to be dispersed by force the Peshawar district was speedily brought under control and in the last week of the month close upon Rs. 1 lakh was realized in land revenue. A serious disturbance however occurred in Kohat on the 26th December when large crowds evidently bent on forcing an entry into the cantonment resolutely refused to disperse despite a warning and personal appeal from the Deputy Commissioner. Their behaviour became increasingly turbulent, the arrest of the leaders was resisted and stones were thrown at the troops. It became necessary therefore to disperse the crowds and, owing to the resistance offered, to resort to fire, 14 persons being killed and some 30 wounded before the situation was brought under control. The area from which the majority of the demonstrators had been drawn was visited the next day by local officials when the villagers admitted their fault and promised to abandon the Red Shirt movement. From this point the general situation was brought under control.

In the concluding months of the year communal tension continued to be acute and almost general throughout India and in many places the local authorities were constantly on the alert to prevent actual disturbances, which so often arise from some trivial cause. An illustration of this dangerous state of tension was provided in Dera Ismail Khan, a town in the North-West Frontier Province, on the 12th August. A very ordinary quarrel between a Hindu shopkeeper and a Muhammadan customer, in the course of which the former is said to have abused the Prophet, led within a few minutes to a violent communal riot in which seven persons were killed and many injured, and looting and incendiarism became general. Immediately after this disturbance communal tension almost reached breaking-point in two other places in the same district following attempts to fire Hindu houses and a Hindu temple. It was also not without its repercussions in the Punjab where the bitter relations between the two major communities were given a

peculiar and unexpected turn by events in Kashmir. As we have seen the riot at Srinagar on the 13th July excited widespread sympathy among Indian Muslims with the claims of their Kashmiri co-religionists. This feeling was rekindled by renewed disturbances in Kashmir towards the end of September. The main direction of the agitation gradually fell into the hands of the Ahrar-i-Islam Party, an organization which came into prominence following a conference at Lahore early in July. Although composed largely of those who had formerly supported the Congress the conference repudiated both Congress and Nationalist Muslims and adopted a definitely communal platform. *Jathas* (bands of demonstrators) were organized for the purpose of entry into Kashmir territory with the object of bringing pressure on the Durbar. So popular did this movement become that its original object of sympathising with Kashmiri grievances tended to be overlaid by its wider appreciation as evidence of the power of Muslims to organize—always a useful faculty in the constitutional field. The danger that these incursions from the Punjab might lead to fresh disturbances in Kashmir, where communal rioting had broken out again on the 2nd and 3rd November, was very real. Accordingly on the 4th November an ordinance was promulgated which gave the Punjab Government power to deal with *jathas* while still in Punjab territory and so prevent their ingress into Kashmir. In spite of this however the movement expanded rapidly in the first half of November when the average daily number of persons arrested under the ordinance was between 100 and 200. More unscrupulous propaganda tactics began to be adopted. Vilification in the press of the jail administration and the publication of accounts of atrocities alleged to have been committed on *jatha* prisoners became common. These tactics tended to create some resentment against the Government in places where the issue had previously been regarded as one between the Muhammadans and the Kashmir Durbar. But the most serious feature of the movement was the embitterment of communal feeling. Hindu alarm at the success and strength of this Muhammadan organization was reflected in several largely attended meetings held at Lahore during November and December when the speeches delivered were definitely anti-Muslim. The Maharajah of Kashmir was urged to deal firmly with Muslim agitation and there was some talk of retaliatory

The Kashmir agitation.

Hindu action in Muslim States. Throughout these months the situation was the cause of much anxiety to the Punjab Government and the dangerous state of communal feeling was again illustrated at the end of the year by an outbreak in Lahore. A dispute arose between Hindu processionists and Muhammadan shopkeepers and in the fight that ensued a Muhammadan youth was stabbed and eventually died of his injuries. This led to a riot on the 27th December in which 25 persons were injured, three of them fatally.

The political crisis and breakdown of the "pact".

It was hardly to be expected that the action which the Government had been forced to take to maintain control in the United Provinces and the North-West Frontier Province would be regarded as justifiable by the Congress Working Committee, although that action would have been amply warranted much earlier and was postponed to definite danger-point solely in the interests of preserving the Delhi settlement. The plain truth of the matter was that in the absence of Mr. Gandhi's restraining influence those Congress leaders of the left wing who had not been altogether satisfied with the " pact " had tended more and more to follow their own inclinations. Another indication of this uncontrollable restlessness was the resolution passed by the Bengal Provincial Congress Committee early in December demanding the intensive boycott of all British goods, in flagrant disregard of the express terms of the Delhi settlement. Mr. Gandhi arrived in Bombay on the 28th December to find the Congress Working Committee awaiting him with some impatience and most of its members, it was generally believed, in favour of the immediate resumption of civil disobedience. Mr. Gandhi however first approached the Viceroy. The correspondence that ensued was so important and has been given such prominence in certain quarters that it must be described in some detail; it is also reproduced in full as an appendix* to this report. On the 29th December Mr. Gandhi sent a telegram to the Viceroy in which he referred to the ordinances recently promulgated in Bengal, the United Provinces and the North-West Frontier Province, and concluded " I do not know whether I am to regard these as indications that friendly relations between us are closed or whether you expect me still to see you and receive guidance from you as to course I am to pursue in ad-

* Page 231.

vising Congress ". In his reply on the 31st December the Viceroy described briefly the circumstances which had led the Government to take special measures in the three provinces in question. He was willing to see Mr. Gandhi if, as he hoped, the latter had no personal share in responsibility for or approved of Congress activities in the United Provinces and the North-West Frontier Province and emphasized that he would not be prepared to discuss the measures which it had been found necessary to take. In his reply dated the 1st January Mr. Gandhi stated that he could not repudiate his colleagues in advance, traversed the alleged facts on which the Government justified their action in the United Provinces and the North-West Frontier Province, denounced the Bengal ordinances as " legalised Government terrorism ", forwarded a resolution of the Congress Working Committee sketching a plan of civil disobedience, and concluded that " if His Excellency thinks it worth while to see me operation of the resolution would be suspended pending our discussion ". The Committee's resolution dismissed the Prime Minister's declaration of the 1st December as " wholly unsatisfactory and inadequate " and declared that " nothing short of complete independence carrying full control over defence and external affairs and finance with such safeguards as may be demonstrably necessary in the interests of the nation can be regarded by the Congress as satisfactory ". The resolution also indicated that unless the Viceroy reconsidered his telegram, granted adequate relief in respect of the ordinances, left free scope to the Congress to prosecute its claim for complete independence in any future negotiations, and pending the attainment of independence carried on the administration of the country in consultation with popular representatives, civil disobedience would be revived. Replying on the 2nd January the Viceroy observed that " no Government, consistent with the discharge of their responsibility, can be subject to conditions sought to be imposed under the menace of unlawful action by any political organization ", and added that the Government could not accept the implications of Mr. Gandhi's view that their policy should be dependent on his judgment as to the necessity of measures which had been taken after the most careful and thorough consideration of all the facts. In his reply of the 3rd January Mr. Gandhi adhered to his position and assured the Government " that every

endeavour will be made on part of Congress to carry on the struggle without malice and in strictly non-violent manner ". The civil disobedience movement was thereupon revived.

The Government's position and public opinion.

The course taken by the Viceroy and the Government of India at this crisis undoubtedly received a large measure of public support. But a good deal of criticism was directed against the Viceroy's refusal to give Mr. Gandhi an unconditional interview, and although expressed largely by Congress supporters was also uttered by representatives of other schools of thought. This criticism however does not fully appreciate the Government's position. It was impossible to regard Mr. Gandhi as other than a representative of the Congress whose case he had recently argued in London and on whose behalf he wished to see the Viceroy. Unless therefore Mr. Gandhi was prepared to dissociate himself from Congress activities the issue was plainly this; whether the Viceroy was to discuss with the Congress representative the measures he had found necessary to take against Congress activities, while those activities were still being pursued. In the United Provinces a no-tax campaign was being prosecuted; in the North-West Frontier Province the situation was still critical; in Bengal the local Government were engaged in an exacting fight against the terrorist movement. Clearly any discussion of the measures that were being employed in these provinces would have created a feeling of insecurity and uncertainty at a time when circumstances demanded that both action and policy should be unequivocal. The precipitate action of Mr. Gandhi's lieutenants had in short placed him in a position in which either he must renounce or the Government must countenance their activities. Clearly the Government could not do the latter; Mr. Gandhi was not prepared to do the former.

Indictment of Congress activities.

The Government lost no time in explaining their position. On the 4th January 1932 they published a statement which presents in restrained but convincing language an unanswerable indictment of Congress policy and activities since the Delhi settlement. As we have seen, the settlement was concluded with the express object of giving the Congress an opportunity of taking part in further constitutional discussions, following the unambiguous statement of constitutional policy made by the Prime Minister at the close of the first Round Table Conference and overlooking the declaration

in favour of independence made by the Congress in December 1929. But while all local Governments and the Government of India had observed the terms of the settlement and spared no effort to maintain peaceful conditions, the general trend of Congress policy since the settlement had been marked by two definite and mischievous features. The first was an organized attempt to utilize the settlement as a means of preparation for further conflict. We have already seen how these preparations had been openly carried on; how stress had been laid on the consolidation of the Congress position in rural areas and how to this end the economic situation had been vigorously exploited; how Khan Abdul Ghaffar Khan (recognized by the Congress) had fomented a revolutionary movement in the North-West Frontier Province and how in the United Provinces a no-rent campaign had been started while the Round Table Conference was yet in session. The second feature of Congress policy had been the exploitation of the settlement for the purpose of augmenting the prestige of Congress and of securing for its members a privileged position. This had been pursued by the persistent advocacy of claims which, if admitted, would have meant the fettering of Government discretion in the maintenance of law and order; the recognition of Congress as a body whose advice must be accepted in matters relating to land revenue and rent; the placing of members of the Congress who offended against the law in a favourable position in comparison with other members of the public; and generally would have implied that the Congress was entitled to more favourable treatment than was accorded by Government to any other association and constituted an intermediary between the Government and the people. Furthermore, at the close of the year the Congress definitely rejected the new statement of policy contained in the Prime Minister's declaration of the 1st December and under the specific threat of a general renewal of civil disobedience asked the Government of India to accept conditions which would have made Mr. Gandhi the arbiter of measures necessary for the maintenance of law and order and have left the Congress free to pursue their subversive activities as seemed fit to them. They further demanded as the price of their co-operation free scope to prosecute their claim to complete independence. In these circumstances there could be no shadow of doubt where responsibility for the breakdown of the settlement lay. Plainly,

as they at once announced the Government had no alternative but to reject these demands and take all measures necessary to combat civil disobedience. In doing so they were fighting not only their own battle but also that of all future governments; for civil disobedience claimed by Mr. Gandhi to be an effective substitute for violence or armed revolution is clearly a menace to any form of government, British or Indian. The resolute suppression of civil disobedience together with the vigorous prosecution of the constitutional policy of His Majesty's Government comprise that dual policy which has since been consistently followed by the Government of India.

The Burma rebellion.

Before proceeding with the second half of our review we must give some account of the rebellion in Burma in 1931. The opening events of the rebellion were described in our last report. It first broke out in the Tharrawaddy district at the end of December 1930 and had appreciably spread by the beginning of the period with which we are dealing. Primarily political and not economic in origin, it reflected various features rather than flowed from any single cause. There is little doubt that it began as a definite attempt to overthrow the Government in a district specially selected by reason of a tradition of contumacy dating back to the time of the Burmese Kings. The Burmese villager is excitable in temperament and is generally ready to listen to any plausible tongue. Open rebellion headed by a pretender in the person of the mysterious Saya San made an immediate appeal, while a child-like faith in charms and magic left no doubt of invulnerability against the foe. The spread of the rebellion was due mainly to itinerant *phongyis* (Buddhist monks) whose preachings against the Government were helped by unprecedented economic depression and a growing feeling of nationalism. The latter, emerging from the political ferment that followed the Great War and quickened by the political enquiries of the Statutory Commission and by the separation controversy, has tended to assume a racial bias not only against Indians, as shown in the disturbances of 1930 and 1931, but also against Europeans and Chinese.

The rebellion area.

The main rebellion area comprising five contiguous districts may be described as the middle stretch of Lower Burma running north and south along the lower reaches of the Irrawaddy. A sixth generally affected district bulges to the east from this central

stretch. Geographical features played an important part, for this hinterland region is flanked on either side by a range of hills, the lower slopes of which are covered with jungle and, providing an admirable natural retreat for the rebels, served to prolong their defiance of the Government. By contrast, in open cultivated country the rebellion never succeeded in establishing itself. It was quickly stamped out in the Irrawaddy delta area; and the flat country on the east bank of that river was less the home than the hunting ground of rebel bands.

General features of the rebellion.

Perhaps the most remarkable feature of the rebellion was tattooing. Freely resorted to as a charm conferring invulnerability against the risks of war, it was an unfailing portent of trouble in fresh areas. Rebels were tattooed with the word '*galon*', representing the fabulous bird of Hindu mythology which destroys the *naga* or snake, the emblem of the foreigner. The '*galon*' was thus in itself a symbol of victory over the British, and the rebels were sometimes styled the 'galon army'. The glamour of their magic is admirably conveyed by the following rendering of a Burmese charm:—

> "Steal gold from the pagodas, fine, bright gold. Refine it in the fire and repeat the magic words in the house, on the lonely path, before the lucky star, at the pagodas; repeat them a thousand times save one. Consecrate the water; draw the circle of the flying galon. Put it under the left arm. No harm will befall thee, safe and invulnerable."

Another notable general feature of the rebellion was the secrecy of its preparations. This was particularly marked in the Tharrawaddy district, where the initial outbreak took the local authorities completely by surprise, and had been a feature of previous risings. In another respect also history repeated itself. The rebellion usually opened in its various areas with a murderous outrage, the prelude to a phase in which the rebels confident of victory and as yet unchecked did not seek to avoid open engagements with Government forces. Two or three reversals however usually led to the adoption of guerrilla tactics and the rebellion became less a question of dealing with organized resistance on a large scale than with innumerable small gangs who lived on the country and improvised a remarkably effective system of "intelligence". This phase was little more than a succession of dacoities in which arms and ammunition were particularly sought as

booty; local bad characters took full advantage of the possibilities of loot and were swept into the rebel gangs; the terror-stricken villagers were afraid to give information of rebel movements to the authorities and in some cases bought immunity from dacoity by paying the blackmail levied by the rebels.

Savage cruelty and wanton murder were also features of the rising. An old woman meeting a rebel gang was shot by order of the leader because the encounter was considered a bad omen. A Chin village was burnt down and every inhabitant massacred—man, woman and child—because the Chins had been actively loyal to the Government. Many village headmen were deliberately murdered as part of a definite policy to hamper the administration and the collection of revenue.

Spread of the rebellion—April to June.

Turning now to the course of the rebellion, by April it had been stamped out in Yamethin but was no more than held in check in Tharrawaddy, Insein and Henzada, the districts forming the southern block of what we have described as the rebellion area. From here it spread northwards and suddenly broke out in the Thayetmyo district in April and in the Prome district in May, causing considerable anxiety to the local Government; for once established in this area the rebellion might easily have extended further north to Upper Burma with its vast stretches of jungle. In Thayetmyo the rising opened on the 10th April with an attack on a headmen's conference, one headman being brutally murdered, and within the next few weeks there were four engagements with rebel bands varying in strength from 160 to 400. On each occasion the insurgents were routed with numerous casualties. The engagement on the 7th May was remarkable for the pathetic confidence displayed by the rebels in the efficacy of their tattoo marks and other charms, soon rudely shattered by a machine gun. In Prome the rising started on the 3rd May with raids on two villages, followed the next day by a surprise attack on a small police party headed by the district superintendent; the latter was murdered and his party wiped out. Shortly afterwards, on the 1st June, an assault on a police station by a concentration of some 500 rebels was only beaten off after four hours of fighting. This district later became notable for the depredations of two large gangs known as the " lion " and " tiger " armies.

Height of the rebellion.

The rebellion may be said to have reached its height in May and June. In addition to the serious outbreaks just described new

areas began to be affected, while places where the rebellion had first broken out showed signs of renewed activity. The outbreak in the Shan States in June was fomented by the rebel leader Saya San himself in the guise of a *phongyi*. It was however quickly suppressed and on the 2nd August Saya San himself was captured, tried and eventually hanged in November. The outbreak in the Pegu district at the end of June was less unexpected, for the possibility of the infection spreading from the affected area lying to the west had always been apprehended. On the 30th June two villages were attacked and within the next few days nineteen other villages were raided and twenty guns looted. The rebel party however was routed on the 12th July and thereafter avoided open engagements, taking to the jungle in small bands as in other districts. At this time there was a renewal of rebel activity in the southern block of the rebel area. Towards the end of April and during May five separate attacks were made on small police parties or police stations, and on the 28th May a large village was raided and despoiled of over Rs. 10,000 after five hours of systematic looting.

The course of rebellious activities thus briefly described produced conditions approaching anarchy in the affected areas during the period roughly from April to August. The figures of serious crime, always a sure index, swelled rapidly and were some 2½ times the normal in June and July. It became clear in short that the rebellion had ceased to be merely a police problem and that its suppression demanded greater military strength than the local Government had at its disposal. By July additional troops consisting of one British and five Indian battalions arrived from India. The adoption of stronger and more systematic measures was accompanied by the publication of an amnesty designed to avoid vindictive treatment of the rank and file and to detach them from the rebel forces. It was open to all whose names were not specified as rebel leaders and who had not taken an active part in the murder of Government servants and loyal villagers otherwise than in open collision with Government forces. The local Government also reserved the right of prosecuting those who had committed dacoity. Beyond these restrictions the terms of the amnesty were broad and generous, for any rebel could secure a pardon by surrendering himself and undertaking not to join the rebels again or to harbour or assist them in any way. This offer did not at once

The amnesty.

meet with any great response. The activities of the rebel gangs were still pronounced and dacoity still a profitable undertaking. Surrenders in August and September numbered about 3,500, but as Government pressure began to make itself felt rose to over 5,000 in each of the three closing months of the year and still higher in January, February and March of 1932. There seems little doubt therefore that the amnesty policy accelerated the collapse of the rebellion. This process was also assisted by the activities of the " Peace Mission ". Organized by non-official agency, it did much to bring the great influence of the priesthood to bear against the rebellion.

Break-up of the rebellion.

A conference on the 27th July demarcated the civil and military spheres of action, a plan of military operations was at once prepared and the Emergency Powers Ordinance giving very wide powers was promulgated on the 1st August. The systematic and persistent pressure which followed gradually wore down rebel resistance. Now hunted fugitives rather than robber chiefs, the prestige of the rebel leaders sank and the confidence of the villagers slowly returned. Information of rebel movements and hiding places began to come in and small gangs were rounded up from time to time, and the villagers themselves began to offer resistance to rebel raids. In the north of the affected area where the new military operations were applied with particular intensity the rebellion broke suddenly at the end of August when some 1,500 of the rank and file surrendered. Other affected areas were gradually pacified during the closing months of the year or early in 1932; the rebel leaders either surrendered or were killed or captured and their gangs dispersed. The year 1932 saw a progressively quickening return to normal conditions and the trial—by special judges—of captured rebels.

Great care had to be exercised to prevent the spread of the rebellion to the districts of Bassein, Maubin, Minbu and Toungoo, adjoining the main rebellion area. In none of these districts did the rebellion ever establish a footing but each at one time or another showed signs of excitement, or suffered an increase in crime, or reported the preliminary of tattooing, or was subjected to incursions of rebel gangs from neighbouring districts.

Casualties during the rebellion.

The total casualties during the rebellion up to November 1931 (the latest date for which information is available) were, on the Government side, including military and police forces and other

Government servants, 102 killed and 114 wounded; these figures include 38 village headmen killed and 5 wounded. In addition, 256 villagers and irregulars were killed. Details of casualties among the rebels are not available but the total is computed at more than 2,000.

Revival of civil disobedience—Government action.

To revert to our main narrative, the year 1932 opened as we have seen with the resumption of civil disobedience. Once the issue had been decided the Government of India and local Governments took strong and immediate action. Four ordinances were promulgated on the 4th January—the Emergency Powers Ordinance, conferring certain special powers for the maintenance of law and order and, in particular, widening the operative section of the Press Act so as to permit action against the publication of matter calculated to encourage the civil disobedience movement; the Unlawful Instigation Ordinance, directed against no-tax campaigns; the Unlawful Association Ordinance, aimed at Congress buildings and funds; and the Prevention of Molestation and Boycotting Ordinance, directed against picketing and the boycotting of public servants. Mr. Gandhi and other leaders were quickly arrested and a direct attack made on Congress organizations. Many of them were declared unlawful associations under the Criminal Law Amendment Act and once so declared their headquarters were liable to sequestration and their funds to forfeiture under the Unlawful Association Ordinance. At the same time, in view of the continuous interference with business and trade that marked the previous civil disobedience movement, the public were assured of the full protection of the Government in carrying out their lawful avocations. There is no doubt that the Government's determination to deal firmly with the movement, thus early displayed, greatly impressed public opinion. Loyalists were encouraged, Government officials heartened, waverers induced to lean to the Government side and lukewarm sympathisers of the Congress disobedience movement in 1930 was marked. Arrests of prominent and the public as compared with the opening weeks of the civil disobedience movement in 1930 was marked. Arrests of prominent leaders which in 1930 often caused trouble were effected with little or no excitement. It appears in fact clear that the Congress had over-estimated the keenness of the country for a renewal of civil disobedience. Many people were tired of agitation and discord and were prepared to wait and see what results could be produced

by co-operation on the basis of the declared policy of His Majesty's Government. Muslim opinion was on the whole pleased with the firm line adopted by the Government against the Congress although some uneasiness was produced by reason of the action taken in the North-West Frontier Province and the Kashmir trouble. Altogether there was a noticeable lack of enthusiasm in the towns and the Congress had had as yet no time to stir up the rural areas. Nevertheless the first flush of revival led to a few minor clashes with the police. Disturbances occurred at Allahabad on the 4th January and at Benares on the 5th; at Berhampur in the Madras Presidency on the 15th; at Jagannathpur in the United Provinces on the 16th; at Latakhola in Bengal on the 23rd; at Motihari in Bihar and Orissa and Simaria in the United Provinces on the 26th; at Hashnabad in Bengal on the 13th February; at Tarapur in Bihar and Orissa on the 15th and at Sheohar in the same province on the 28th. In each case a large and unruly mob assembled for some such reason as sympathy with the arrest of Congressmen, or in connection with a Congress procession, or as in one instance with a view to reoccupy Congress premises seized by the Government, and as excitement rose attacked the police and on one occasion the district magistrate, usually with stones or brickbats. On each occasion the police were compelled to open fire either in self-defence or to prevent grave disorder and members of the crowd were in some cases killed or wounded.

Disturbances.

Civil disobedience activities—picketing.

The vigour and intensity of the action taken by the Government took the Congress by surprise and they were never able to regain the ground thus lost. They effected some temporary recovery however and the latter half of January saw a definite increase in activity. The three main features of the opening stages of the campaign were picketing, the observance of particular "days" in celebration of some selected event, and the boycott of British goods and institutions. Picketing was the most common form of open activity and was concerned mostly with cloth shops in the towns. It accounted for many arrests in the early days and on the whole was free from violence. The observance of particular "days" was designed to excite or maintain public interest and to provoke clashes with the police and so arouse feeling against the Government. In January and February the most important were Independence Day, Frontier Day and Gandhi Day. Generally speaking however these demonstrations were poorly attended,

aroused little excitement and rarely provoked the desired clash with the police. The contrast between their success in 1930 and their comparative failure in 1932 was marked.

The boycott.

The most successful activity of the Congress was undoubtedly the non-militant boycott. It attained considerable success as directed against British goods but little as against institutions. The boycott of British goods was based largely on sentiment, and while there was some evidence of coercion exercised through the medium of social pressure, there was less intimidation and more secret persuasion than in 1930. In Bombay city where the boycott was most successful sentiment was no doubt reinforced by the more material factor of self-interest. Outside Bombay city its success varied from province to province, although the precise direct effects of Congress activity were difficult to appraise because of the presence of other factors, such as the general trade depression and increased Japanese competition. It remained the chief as well as the most successful feature of the Congress programme.

Other activities.

In addition to these three main lines of activity there were casual attempts to defy the salt laws in Bombay, isolated instances of the breach of forest laws, and some local talk of no-tax campaigns. But these activities were half-hearted, and the restricted character of the revived campaign was further emphasized by the comparative absence of agitation in rural areas, of resignations of Government officials and of social boycott of Government servants. The comparatively small number of students in the Congress ranks was also noticeable. Apart however from the dislocation of Congress plans caused by the Government's initial action, the lack of response from students and the agricultural classes was in some degree due to their customary preoccupation with, respectively, examinations and cultivation up to April or May.

The Bombay Presidency.

Nowhere was the contrast between 1930 and 1932 as regards the demonstrative side of the movement more marked than in the Bombay Presidency. In 1930 Bombay city was the storm-centre and large areas of the province strongholds of the movement. The salt campaign reached great intensity in a number of places; there were many serious clashes with the authorities and large crowds had frequently to be dispersed in Bombay city; and in Gujerat where whole districts openly supported the movement the no-tax campaign assumed serious proportions. In 1932 on the other hand the maintenance of law and order was not seriously threatened and no difficulty was

found in dealing with demonstrations. In the districts activity was comparatively slight and the response from Gujerat very small. Congress had clearly lost their hold, the result of the prompt and vigorous action by which the local Government secured the initiative.

Decline of civil disobedience.

The partial recovery achieved by Congress later in January lasted until about the middle of February from which point the movement patently began to wane. Figures of convictions clearly mirror the course of the movement. The total number of convictions under the ordinary law and the ordinances in connection with the civil disobedience movement during the month of January was 14,803, in February 17,818 and in March 6,909. From then onwards there was with one significant exception a progressive decline in the monthly totals. The comparatively high figures of conviction in January and February did not reflect, as they might at first sight suggest, a successful outburst of civil disobedience, but were due to the fact that the policy adopted by Government differed from that pursued in 1930. In 1930 the Government's initial action was restricted and the movement had gained appreciable momentum before action was taken against the rank and file or even against some of the lesser leaders; in 1932 on the other hand comprehensive action was taken at the outset. By the end of March the Government's ascendency had become plain. The low ebb to which the movement had fallen was shown by the failure

"National Week."

of "National Week", staged by the Congress from the 6th to the 13th April. Its main feature was the boycott of foreign goods, especially British, but demonstrations of various kinds were also included. The programme however aroused little public interest and no enthusiasm except in very few towns. One serious clash with the police occurred at Allahabad on the 8th April and appears to have been due to an organized attempt to provoke disorder. Stones were thrown at the police and it was necessary to open fire in order to bring the situation under control, two persons being

The Delhi "session" of the Congress.

killed and 33 injured. The Congress then announced their intention to hold their annual session at Delhi about the 23rd April. Government promptly forbade the project and in the event this also was a failure. The open session consisted in the hurried collection in twos and threes of some 200 persons who managed to evade the vigilance of the police and "passed unanimously" five resolutions gabbled out by one of their number. The proceedings had lasted

less than five minutes when the police quietly arrested all the participants. More important than the farcical session itself was the excitement which the attempt to hold it created in Delhi especially on the date fixed for the session, and care had to be exercised by the local authorities to prevent disorderly consequences.

The decision of the Government forbidding the holding of the annual Congress at Delhi; while the Congress as a body had not been declared an unlawful association, was criticised as illogical. The charge does not bear examination. Government's policy was directed against the civil disobedience movement. Congress however has a large membership, and many of its members while supporting its general political aims and activities were not in active sympathy with the revival of civil disobedience. The declaration of Congress as an unlawful body would have made all its members liable to prosecution whether maintaining neutrality or not and would have been in excess of the action required against civil disobedience proper. When however it was proposed, as at Delhi, that the Congress as a body should endorse the civil disobedience programme, the Government consistently with their policy had necessarily to intervene and prevent it.

These two projects, "National Week" and the "Delhi session", were obviously launched in the hope of reviving flagging interest and re-establishing the prestige of the Congress, but their failure showed clearly enough that the methods of Congress had lost any semblance of general appeal. Thereafter there was a progressive enfeeblement of civil disobedience activities, scarcely interrupted by occasional devices designed to rekindle enthusiasm such as "Postal Week". This took place in May and had as its object the boycott of postal offices and the postal system generally, but was mainly characterized by the destruction of letters lying in post boxes by the insertion of burning matter or corrosive acid. These senseless acts of mischief aroused considerable indignation although the damage caused was not great. Congress it may be noted disclaimed responsibility for them.

"Postal Week."

While on the whole the public acquiesced in the Government's firm policy against these subversive activities of the Congress, some feeling of impatience as regards the constitutional future became

Constitutional position early in 1932.

manifest about March. This was perhaps most noticeable among the Muslim community, increasingly exercised by the failure to reach a communal settlement and still apprehensive of the constitutional future. Although the great majority of Muslims showed not the least inclination to side with the Congress or to take part in the civil disobedience movement, there was on the other hand a certain reluctance openly to support the Government so long as the constitutional position remained uncertain and the communal problem unsolved. These feelings of uncertainty however were steadied by the announcement on the 19th March of the intention of His Majesty's Government to assume responsibility for a communal decision in the absence of any likelihood of an agreement among the communities themselves; and at a session of the All-India Muslim Conference held at Lahore on the 21st and 22nd March it was resolved that consideration of the question of non-co-operation with the Round Table Conference should be postponed until July, by when it was hoped the decision of His Majesty's Government would have been published. The communal sentiments to which expression was given at this conference evoked strong protests in the Hindu and Sikh press and also at a number of public meetings held by those communities, and generally speaking controversial questions were for a time given renewed prominence. On the whole however communal tension was thenceforth tempered by some disposition among the leaders to await the British Government's decision, although its inherent dangers were once again to be displayed, two months later, by the appalling outbreak in Bombay.

The Delhi session of the Legislature. The Viceroy's address.

We must now interrupt the chronological sequence of our narrative by some account of the Delhi session of the Legislature. The Viceroy's address on the 25th January 1932 was notable for the renewed expression of the Government's determination to deal unfalteringly with civil disobedience. Having described the activities of the Congress during the currency of the Delhi settlement, particularly in the North-West Frontier Province and the United Provinces, His Excellency went on to say, " none the less, I and my Government deliberately forebore from taking the action which in other circumstances these preparations would clearly have demanded. So long as there was any hope of achieving the conditions which the Delhi settlement was intended to secure, we continued to incur risks which could be justified by no other consideration ". There had been no lack of goodwill on his part or that of his Government; he

was " conscious of no deviation by myself or by my Government from the path of conciliation, until the Congress had themselves wantonly and deliberately torn up the path . . . No Government worth the name could hesitate to accept the challenge. Failure to do so would indeed make all government in this country impossible . . . There can be no compromise in this matter. I and my Government are determined to use to the full the resources of the State in fighting and defeating a movement, which would otherwise remain a perpetual menace to orderly government and individual liberty ". The Viceroy then turned to the other side of the Government's policy, pointing out that in pursuance of the constitutional programme outlined in the Prime Minister's declaration of the 1st December, three committees of enquiry were then on their way to India. His Excellency also referred to the labours of the retrenchment committees and claimed that " there can hardly be any case where the executive government has put itself more fully in the hands of the legislature in considering practical measures such as are involved in retrenchment, or has given fuller effect to the recommendations of the popular representatives ". The decision to keep the rupee linked to sterling had, His Excellency maintained, worked to the benefit of India. The floating debt had been reduced, the £15 millions loan had been paid, the bank rate had been reduced to a more normal figure, and there had been a marked improvement in India's credit, 3½ per cent sterling securities having risen from 43½ in September to 55½. Further, the export of gold, which had by that time amounted to Rs. 40 crores, from India's vast gold resources had been definitely and decisively to India's advantage.

The principal work of the session was of course the budget for 1932-33. This however was devoid of much of its usual interest because the taxation proposals for the year had been included in the emergency budget introduced in the previous September. In introducing the budget the Finance Member pointed out that while generally speaking the monsoon was favourable and India had enjoyed a normal agricultural year, exports and imports had fallen in value to roughly one-half of what they were two years before—staggering evidence of the low level of prices throughout the world. Nevertheless India's favourable trade balance had further improved, and therein lay the significance of the export of gold. From the budgetary point of view the position had

The Budget.

deteriorated since September, for on the basis of actual returns since then revenue prospects had fallen by about Rs. 3 crores for each year, increasing the deficit for 1931-32 to Rs. 13·66 crores and reducing the surplus for 1932-33 to Rs. 2·15 crores. The Finance Member pointed out however that as in those two years Government were providing Rs. 13·7 crores from revenue for reduction or avoidance of debt, recurrent receipts for the two years would exceed recurrent expenditure by Rs. 2·2 crores. In the Finance Member's own words, " if this result is achieved over two years of unexampled depression when practically every Government in the world is having to show very heavy deficits, we may I think justifiably regard the Indian financial position as comparatively sound ". Sir George Schuster concluded his speech on a note of confidence. " We have in the past year ridden a storm which might well have wrecked us, but we have emerged from it stronger than before. We have overhauled our expenditure and reduced this to a level which should leave us a margin of revenue when any economic recovery begins, and at least substantially ease the financial problems at the start of the new constitution . . . . . If we look round the world in the present times of difficulty we may fairly claim that there is no country whose intrinsic financial position is sounder, or whose ultimate prospect of economic advance in the future is more bright ".

In the Assembly opportunity was taken during the general discussion to complain of the incidence of taxation and of what was condemned as the Government's undue complacence; the Government were warned that they would not realize their estimates. But discussion was in the main confined to expenditure, which it was urged had not been adequately curtailed. The Finance Member was however able to point out that of the total economies of Rs. 4,99 lakhs recommended by the Retrenchment Committee the Government were warned that they would not realize their estimates. But A number of economy cuts were proposed with a view to enforcing the proposals of the various retrenchment committees in their entirety but they were all either withdrawn or rejected. Certain general issues were raised by means of token cuts of which the most important were that urging the more rapid Indianization of the army and another recommending that British India should be given responsibility at the Centre pending the completion of the federal constitution. Sir George Rainy, the Leader of the House, promised to forward a report of this debate to His Majesty's Government.

The Railway budget showed still further deterioration resulting from the depression in trade, the position at the end of the year 1931-32 being an estimated total deficit of Rs. 9,47 lakhs including Rs. 2,03 lakhs on account of strategic lines. The deficit was again met by a temporary loan from the depreciation fund. Criticism took the line that there should be no increase in freights and fares, no reductions in pay or establishment, and that retrenchment had not gone far enough—divergent points of view which the railway administration might find difficult to reconcile in practice. **The Railway Budget.**

Political criticism of the Government's policy against civil disobedience, compendiously described as " rule by ordinance ", was voiced in the Assembly during the debate on a resolution moved by Sir Hari Singh Gour, the leader of the Nationalist Party, on the 1st February. This resolution was described by Sir James Crerar, the Home Member, as a curiously dovetailed piece of mosaic; for it deplored the arrests of Mr. Gandhi, Mr. Sen Gupta and Khan Abdul Ghaffar Khan; disapproved of the fact that the various ordinances had been promulgated immediately after the conclusion of the last sitting of the Legislative Assembly and of the manner in which they were being worked; condemned acts of terrorism and violence, no-rent campaigns and similar activities; recommended that emergency bills in substitution of the ordinances be laid before the Assembly; and urged that a committee elected by non-official members of the Assembly be appointed to enquire into the atrocities reported to have been committed in the North-West Frontier Province. Criticism of the Government's policy during the course of the debate was to the effect that the powers conferred by the ordinances were drastic; that they were not being used with moderation, instances of their alleged abuse and of police excesses being given; that any extraordinary measures found necessary by the Government should be laid before the Assembly in the form of a bill; and generally that what the country needed was not " repression " but expedition in constitutional reform. The Government explained through the medium of Sir James Crerar and Sir George Rainy that they could not have asked the Assembly for powers in the previous session in anticipation of the emergency arising late in December, that that emergency demanded immediate action while recourse to the Assembly meant delay, that the extraordinary powers taken would be directed solely against Congress activities and were essential if the forces of disorder were to be checked, and that while these powers were being **Assembly debate on civil disobedience.**

used with conspicuous moderation, local Governments would enquire into any specific allegations of their abuse. The resolution was defeated by 62 votes to 44.

The interest of the Assembly in the political situation was further shown by ten adjournment motions tabled during the session. Of the five motions that were actually moved, one was covered by the resolution just described; another drew attention to the Government's policy of expediting constitutional reforms while Mr. Gandhi was in jail; a third dealt with the alleged maltreatment of women political prisoners and the remaining two with alleged excesses on the part of the police in Delhi.

Progress of constitutional programme.

Reference has already been made to the other side of the Government's dual policy, that of expediting constitutional reform. As we have seen, emphasis had been laid on this desideratum by the Assembly and some impatience had been shown not only by Muslims but by other sections of the politically-minded. Actually, steady progress had been made since January in pursuance of the Prime Minister's declaration of the 1st December 1931. The three constitutional committees arrived in India at the end of January and threw themselves whole-heartedly into their work, examining evidence and establishing touch with all sections of opinion. The Consultative Committee, designed as a working committee of the Round Table Conference to maintain, under the chairmanship of the Viceroy, contact between the British Government and the representatives of India, began its sittings in February. Acceptance of invitations to serve on the committees indicated firstly, a general belief that the Government were sincere in their intention to speed up the reforms, and secondly, a feeling that true progress lay in co-operation and not in civil disobedience. By the middle of the year it was possible for Government to point to real progress in the constitutional sphere. In March, as has already been mentioned, His Majesty's Government had accepted responsibility for a communal decision. Early in April the Chamber of Princes had passed a resolution in general terms in favour of federation. On the 7th May the report of the Federal Finance Committee was published, a report which took one step further the important and difficult work begun by the Finance Sub-Committee of the Federal Structure Committee. The 3rd June saw the publication of the report of the Franchise Committee, its proposals providing for an increase in the total number of voters in the provincial electorates from 7 millions to over 36 millions, or

nearly 30 per cent of the total adult population, and for the due representation of all classes and sections of the community. The report of the Indian States Enquiry Committee, which examined in connection with federal finance specific financial problems associated with various States, was published in July. Furthermore, in April the reformed constitution conferring the status of a Governor's province under the present Government of India Act had been inaugurated in the North-West Frontier Province, the Viceroy opening the new legislative council on the 20th April with an address that made a deep impression on those present. This important reform represented a marked advance upon the recommendations of the Statutory Commission, and the decision of His Majesty's Government to satisfy the political aspirations of the province at the expense of a risk which they well appreciated was in itself a clear indication of the liberal nature of their Indian policy. The report of the committee appointed by the Government of India to enquire into the implications of a separated Orissa was published in May and the report of the Sind conference in July. This conference was convened in pursuance of the Prime Minister's declaration of the 1st December 1931 with a view to overcoming the difficulties disclosed by the report of the Sind Financial Enquiry Committee of 1931.

The achievements just summarised were facts and not promises and were not without their cumulative weight in emphasizing on the public mind the vast amount of work that had still to be done and the sincere intention of the Government to see that it was done as rapidly as possible.

Civil disobedience in decline—April to June.

It has already been explained how civil disobedience activities declined from March. Numerous attempts continued to be made to revive and extend the movement and to keep the Congress before the public eye. A fairly general feature that emerged about June but one most marked in the United Provinces was the organization of so-called district political conferences. Many of these projects were abortive, as in the case of the annual session of the Congress at Delhi in April, and in nearly all cases the crowd which attended the meetings was small and was dispersed without difficulty. But instances were not wanting of the manner in which political agitation of this nature leads to excitement and thence to a breach of the public peace. Two such political conferences in Bengal led to clashes with

the police, one at Tehatta in June and the other at Masuria early in July, when unruly and aggressive mobs were dispersed only after the police had resorted to firing. Two other disturbances occurred at this time, necessitating dispersal by the police; the first at Umarau in the United Provinces on the 5th July when a revenue officer attaching property for arrears of rent was attacked by a crowd, and the second at Danton in Bengal on the 12th July when a turbulent mob defied a prohibitory order under section 144 of the Criminal Procedure Code. In addition to political conferences other activities during this period were the mischievous destruction of the contents of letter boxes, begun as we have seen in " Postal Week " in May. In the United Provinces up to June no less than 160 such attempts were made. In addition telegraph wires were cut in 58 places and eight attempts made to set fire to railway carriages. Another prank designed to attract public attention was to stop a train by pulling the communication cord, whereupon a band of youths or children emerged shouting Congress slogans and distributing Congress hand-bills. Although these childishly mischievous activities illustrated the bankruptcy of organized agitation, it was clear that the will to promote struggle was still strong and that the Government could not afford either to abandon the special powers they had taken early in January or to relax their vigilance. Public opinion had been impressed by the firm policy of the Government and disapproval of the Congress programme had been shown by a number of loyalist meetings held all over the country from time to time and organized by non-official agency; but concerted revival of civil disobedience on a large scale such as might have followed any modification of the Government's policy could clearly not be risked. The Government therefore decided to renew the special powers taken in January and a consolidated ordinance called the Special Powers Ordinance was promulgated on the 30th June embodying most of the powers contained in the four ordinances that it replaced.

The consolidated ordinance.

" Rule by ordinance "— examination of actual application of ordinances.

In view of the criticism of " rule by ordinance " so often voiced and of the dislike of ordinances that undoubtedly prevails among many educated persons and especially those connected with the legal profession, it is perhaps desirable to examine the actual application of the special powers conferred by the ordinance and the precise degree to which they were employed. In the first place the consolidated ordinance contained no additional power, whilst cer-

tain wide powers which appeared in the Emergency Powers Ordinance of the 4th January were abandoned. These were the powers to control the supply of commodities of general use, to take possession of moveables, to employ additional police and to control public utility services. In addition certain other powers the scope of which experience had shown to be unnecessarily wide were modified. Secondly, the powers conferred by the ordinance were not brought into force throughout the whole of British India. Certain powers having all-India force under the existing ordinances were brought into force throughout British India at once. These were few in number, the most important being the provision amending the Press Act so as to permit action against incitement to or encouragement or support of the civil disobedience movement. Beyond these general powers, any particular power conferred by the ordinance required two distinct steps before it could actually be brought into force in any particular area. The first step was extension by the Government of India; the second, actual application by a local Government. Thus, although a certain power might be extended by the Government of India to any province or part of a province, it would not come into force until the local Government issued a notification to that effect. Further, the local Government would not necessarily apply it throughout the province, even though it might have been extended to the whole of the province by the Government of India. It could apply it to such areas within the province as it thought necessary, and this in fact was the policy pursued by local Governments. In this manner the operation of the Special Powers Ordinance was considerably restricted as compared with that of the four ordinances which it replaced. Some local Governments were able not only to narrow the area within which certain powers would apply but also to do without powers they had formerly possessed.

This appreciation may be illustrated by particular examples. No portion of the ordinance (except the provisions of all-India application) was applied to 4 districts in the North-West Frontier Province (the province has only 5 districts), 17 districts in the Punjab, 26 in the United Provinces, 11 in Bengal, 10 in the Central Provinces and 6 in Assam. These areas were thus entirely free from the ordinance. Secondly, the whole of Madras, Assam and the Central Provinces were without the powers corresponding to the Emergency Powers Ordinance. Thirdly, the powers corresponding to the Unlawful Instigation Ordinance providing against

a no-tax campaign were very limited in actual application, being in fact restricted to 21 districts of the United Provinces and 1 district of the Bombay Presidency. Fourthly, many local Governments were able to abandon certain powers or to dispense with their operation in particular districts where they had been in force up to the end of June. The Central Provinces for example did not re-apply the powers corresponding to the Prevention of Molestation and Boycotting Ordinance (sometimes called the "picketing ordinance") and the Unlawful Association Ordinance in a number of districts. Madras dispensed with the powers of the Unlawful Instigation Ordinance, previously in force in three districts; Bombay did not apply the powers of the Molestation and Boycotting Ordinance in twenty districts; Bengal dispensed with all their previous powers in ten districts; the United Provinces in twenty-six districts and the Punjab in seventeen districts; Bihar and Orissa abandoned certain powers in five districts. The powers relating to molestation and boycotting were withdrawn by Assam in six districts, and by the North-West Frontier Province from the whole of the province except the Peshawar district.

Examination of civil disobedience convictions.

The accusation of "rule by ordinance" therefore clearly does not do justice to the facts. The charge can be further refuted by an examination of the actual figures of conviction. It will be convenient in dealing with the matter to give the figures up to the end of 1932 and also to reproduce in the following table the figures already given up to March. The following are the total convictions under the ordinary law and the ordinances in connection with the civil disobedience movement:—

January	14,803
February	17,818
March	6,909
April	5,254
May	3,818
June	3,531
July	3,595
August	3,047
September	2,791
October	1,937
November	1,898
December	1,545
TOTAL	66,946

These figures do not of course show the number of persons undergoing imprisonment at any one time. Many were sentenced only to short terms of imprisonment and releases soon began to make themselves felt. The peak was reached in April, when the number of persons actually in jail was 32,458. Thereafter the number progressively declined until at the end of the year the total number of civil disobedience prisoners was only 14,919. Of those set at liberty, 6,764 (roughly 10 per cent of the total number convicted) were released on apology. Of the total number of convictions throughout the year (66,946), the number of convictions under the ordinances was 18,131 or little more than one-fourth; the remainder were under the ordinary law. The population of British India according to the 1931 census was 271 millions. Thus throughout the whole year roughly one person in 4,000 or ·025 per cent of the population was convicted in connection with the civil disobedience movement, and one person in 15,000 or ·066 per cent of the population was convicted under the ordinances. It may safely be said in fact that the ordinances have not touched the daily life of the mass of the people at all, and that in the great majority of villages they have had no practical effect whatever.

Question of further meeting of Round Table Conference.

Mention has been made of doubts and suspicions among the more moderate political elements in the country regarding the constitutional programme. These were precipitated into concrete expression by the announcement of the Secretary of State in the House of Commons on the 27th June to the effect that it was intended not to hold further meetings of the Round Table Conference, but to appoint a joint select committee of Parliament to consider in consultation with representatives of Indian opinion concrete constitutional proposals before a bill was actually introduced. It was thought that formal sessions of a large body like the Round Table Conference tended to delay matters and the sole purpose of the revised procedure was expedition. The proposal was however viewed with grave suspicion and was strongly attacked by a number of Hindu Liberals who withdrew their co-operation from the Consultative Committee. Their main objection was that hitherto Indian delegates had met British statesmen in conference on equal terms, the idea being to reach mutual agreement on which the proposals to be laid before Parliament would be based. They feared that consultation as now proposed would not confer the same status

they had enjoyed at the Round Table Conference or permit them to exercise the same influence. The fuller explanation of the proposed procedure given by the Secretary of State failed to allay suspicions and on the 9th August a number of Liberal leaders, including the Right Hon. Srinivasa Sastri, Sir Tej Bahadur Sapru and Mr. M. R. Jayakar, published a manifesto formally announcing their decision to withhold co-operation unless the Round Table Conference method was restored.

Within a few days however the sincerity of the intentions of His Majesty's Government was demonstrated by another great step forward in the constitutional field. On the 17th August was published the long-expected communal decision—an announcement which aroused almost unprecedented interest and enjoyed a monopoly of newspaper head-lines for several days. Before describing its provisions we must revert to the question of communal feeling. That it remained tense and only too susceptible of irritation was shown by the violent communal outbreak in Bombay on the 14th May. The storm raged until the end of the month when the total number of casualties reached the appalling figures of 169 killed and 1,900 injured. As is often the case the cause of the outbreak was trivial; some Muslim youths collecting subscriptions for the coming Muharram festivities were refused by certain Hindus whereupon the former are said to have behaved rudely and to have been beaten by the servants of those whom they had insulted. Angry crowds of Muslims at once gathered and were met by a shower of soda-water bottles. Communal relations in Bombay had been strained for some time and were not improved by the interference of Congress volunteers with Muhammadan traders, one of whom had been placed on the boycott list. The approach of Muharram exacerbated feelings on both sides and almost any cause would have sufficed to precipitate a conflict. The riots were marked by individual stabbings, stone-throwing, looting and arson, and attacks on temples and mosques. Troops and armed police reinforcements were rushed in. On the 15th May an order was issued prohibiting the carrying of sticks, knives and other lethal weapons, and two days later a curfew order was passed. Riots on a large scale were replaced towards the end of the month by sudden and isolated attacks on individuals, the aggressor at once taking to his heels; and to deal with this kind of assault it was necessary to

The Bombay riots.

organize a number of motor patrols. Early in June the situation was brought under control, the military were withdrawn by the 13th and the curfew order was allowed to lapse on the 16th. Unfortunately there was a recrudescence of trouble on the 27th and although quiet was restored again by the 5th July, feeling between the two communities remained strained for some time and constant vigilance on the part of the authorities was imperative. The casualties in this second outbreak numbered 42 killed and 755 injured, bringing the total figures from the 14th May to 211 killed and over 2,600 injured.

The communal decision.

Communal outbreaks such as that just described and those at Cawnpore in March 1931 and in Kashmir during 1932 (although the last named is an Indian State the disturbances there were symptomatic of and reacted upon the state of feeling in British India) showed how important it was to produce if possible an agreement which would be capable of acceptance by all parties. All attempts at direct settlement between the communities themselves having failed, His Majesty's Government, in response to repeated appeals from representative Indians and with the approval of the British Parliament, undertook the difficult task of attempting to remove this great obstacle from the path of constitutional progress. His Majesty's Government did not attempt to decide all the minor points at issue between the various communities nor did they confine themselves to a settlement of the dispute between the two major communities. The decision was restricted to the representation of various communities and interests in the provincial legislatures (excluding Burma), but within that sphere it was complete. It was also made clear that while His Majesty's Government had undertaken this task in the interests of constitutional progress they would be prepared at any time before a new Government of India Act had passed into law, to recommend to Parliament the substitution for their decision of any agreed solution reached by the communities concerned. The terms of the decision were roughly as follows. In those provinces where Hindus form a majority of the population and will have a clear majority of seats in the provincial councils (that is, in all provinces except the Punjab, Bengal and the North-West Frontier Province) the Muslims receive, as in the past, seats in excess of their population ratio. The problem in Bengal and the Punjab, the two important

Muslim provinces, differs somewhat. In Bengal the Muslims form about 55 per cent of the total population and the Hindus 43 per cent, but there is also the European community which, though comparatively small in number, has very great commercial and industrial interests and has been given a large representation under the existing Government of India Act. The effect of the distribution of seats made by His Majesty's Government was that Muslims received about 48 per cent, Hindus 39 per cent and Europeans 10 per cent of the total number of seats in the legislative council. In the Punjab the Muslims outnumber the other two major communities and form about 57 per cent of the population, the Hindus being 27 per cent and the Sikhs 13 per cent. Under the distribution effected in this province the Sikhs receive weightage as in the past and their seats amount to 18 per cent of the total, while the Muslim and Hindu percentages are 49 and 27 respectively. Actually however Muslim representatives will probably secure three additional seats reserved for landholders, in which case their proportion in the council will be approximately 51 per cent.

Reception of communal decision.

It was not to be expected that a decision of this kind would satisfy all communities, for it represents an attempt to balance the scales between conflicting claims which the claimants themselves have been unable to reconcile; but one satisfactory feature was that it did not give rise to any recrudescence of communal disturbances. Even in Bombay, where feeling between the two major communities remained tense, the decision was not made an excuse for stirring up trouble and no untoward incident occurred. On the whole it may be said, subject to qualifications that will appear hereafter, that Hindus generally condemned the decision on the ground that it sacrificed their interests to those of the Muslims, that the Sikhs were greatly dissatisfied with it, and that the least opposition came from the Muslims. Hindu criticism as voiced by the extremist papers, which are predominantly Hindu, denounced the decision as perpetuating communal dissensions, as the deathblow of Indian nationalism and as an unholy pact between the Muslim community and British commercial interests. Even the more moderate nationalist papers gave expression to similar views, though couched in more restrained language, reflecting an admixture of genuine nationalist feeling and Hindu communalist

motives. Specific points of criticism were in regard to Bengal and the Punjab, where the omission to give to the non-Muslim minorities the weightage accorded elsewhere to Muslim minorities was bitterly resented. In regard to Bengal a frequent objection was that the Europeans would hold the balance between the two major communities. Exception was also taken to the provision of separate representation for the depressed classes, which although limited to a period of 20 years and terminable earlier by mutual agreement, was regarded in more extreme quarters as a deliberate attempt to split Hinduism. The depressed classes themselves were on the whole not dissatisfied, although Dr. Ambedkar, their representative at the Round Table Conference, considered the number of seats provided inadequate. But another of their leaders, Mr. M. C. Rajah, who in February had come to an agreement—the "Moonje-Rajah Pact"—with Dr. Moonje, the leader of the Hindu Mahasabha, in favour of joint electorates with reservation of seats, expressed disapproval of the temporary provision for separate electorates. While Muslims as a whole were less hostile and were disposed to accept some features of the decision, old claims which had not been conceded in full were again brought forward. The All-India Muslim Conference at Delhi, for example, expressed disappointment that the community had not been given a statutory majority in the Punjab and Bengal and complained of reduced weightage in some provinces and of undue weightage given to non-Muslims in the North-West Frontier Province. Sikh disapproval was general and unqualified. This creation of a Muslim *raj* in the Punjab in complete disregard of Sikh claims had, it was said, shaken Sikh faith in the British sense of justice and fair-play. A revival of Sikhism was preached and there was some talk of rejecting the new constitution if it meant Muslim domination. The Hindu minority in the Punjab was not slow to take advantage of this position and sought to stimulate the Sikhs to organized resistance. European, Anglo-Indian, Indian Christian and Labour interests were on the whole satisfied.

The objections to the decision just described appeared mainly in the press. But the trend of the debate in the Legislative Assembly on the 5th September, when the first excitement had subsided, suggests that dissatisfaction with the decision was not so deep or genuine as had at first appeared, and that the more

sober-minded political elements in the country were prepared to regard it as a workmanlike solution of an otherwise insoluble problem. The speech of Sir C. P. Ramaswamy Iyer, then acting as Law Member of the Viceroy's Council in the absence at Geneva of Sir B. L. Mitter, made a great impression. He pointed out that not only the Round Table Conference but numerous conferences of Indian leaders had failed to solve the problem in the past, that the action of the Consultative Committee in appealing to the Prime Minister to settle the problem was generally approved throughout India, and that the main point to bear in mind was that any bickering over the decision would necessarily impede the consideration of other and greater matters to be dealt with in their march towards responsible self-government. Moderate opinion was also given a lead by the attitude of public men like the Right Hon. Srinivasa Sastri and Sir Tej Bahadur Sapru, whose preparedness to accept the decision probably had more influence with the sober and responsible elements in the country than the impassioned outpourings of the press.

The Simla session.

The Viceroy's address.

Before proceeding with the later reactions to the communal decision we must devote some attention to the Simla session of the Legislature. In his address on the 5th September the Viceroy made an important pronouncement in regard to the constitutional programme. His Majesty's Government had hoped in the interest of speed that no further formal discussions would be necessary before formulating their proposals for the consideration of Parliament; but since it was no longer possible to look to the Consultative Committee for the contribution anticipated from it, His Majesty's Government proposed to invite a small body of representatives of the States and British India to meet them in London about the middle of November. While the status of the Indian representatives would be the same as that of the delegates at the sessions of the Round Table Conference, the character of the discussions and the stage now reached necessitated a less formal and more expeditious procedure than that adopted during the previous two years. This result His Majesty's Government were convinced would be best achieved by avoiding any public session and by working on a fixed agenda. Referring to the civil disobedience movement His Excellency explained the necessity of maintaining the policy followed by the Government

during the previous eight months. Although this policy had met with a remarkable degree of success, civil disobedience still remained a very definite menace against which the Government could not afford to relax their precautions. They had therefore decided that the general law should be strengthened by the embodiment of a number of the provisions of the ordinance promulgated in June. "It is no satisfaction", His Excellency said, "to my Government to be forced to propose these measures for the strengthening of the law, but we are faced with ideas and methods to which we must offer the most resolute opposition. The leaders of the Congress believe in what is generally known as direct action which is an example of the application of the philosophy of force to the problems of politics. It is the antithesis of what we understand by constitutional self-government . . . The fundamental idea of His Majesty's Government . . . is that to the greatest degree possible responsibility should be placed on the legislatures, in other words that government should be based on argument and reason and on the wishes of the people as constitutionally expressed. I do not think I do the Congress an injustice when I say that their policy and their methods are directed to securing their objects not by persuasion but by coercion".

On the political side the most important feature of the session was the first reading debate on the "Ordinance Bill". The Assembly also passed a bill amending section 526 of the Criminal Procedure Code so as to prevent frivolous applications for the adjournment of criminal cases—a provision which had been grossly and systematically abused in order to delay and sometimes to defeat the ends of justice.

Mr. Gandhi's fast.

General discussion on the communal decision was concentrated with dramatic suddenness on one particular aspect of it by the announcement on the 13th September of Mr. Gandhi's intention to fast to death unless the method of representation provided for the depressed classes was altered. In the course of the correspondence preceding this announcement the Prime Minister had explained that while the decision, so far as it related to the depressed classes, was designed solely to protect their interests, nothing had been done to separate them permanently from the Hindu fold; for their special constituencies would be automatically abolished at the end of 20 years and in addition they would be entitled from the

outset to vote in the general Hindu constituencies. Mr. Gandhi however was not satisfied, and his decision to fast and the publication of this correspondence aroused intense popular interest. On the whole there was little tendency to blame the Government for this unforeseen development. It was generally recognized that the issue was less their concern than that of the Hindu community itself, and that if Mr. Gandhi's life was to be saved caste Hindus and depressed classes must themselves reach an agreement. Many Hindus however were much more stirred by the suffering that a great Hindu leader was about to undertake than concerned with the merits of the controversy. On the other hand criticism of Mr. Gandhi's decision was not wanting. Dr. Ambedkar, one of the leaders of the depressed classes, described it as a " sheer political stunt ", while other critics saw in it an attempt to retrieve a dwindling prestige. The Government's attitude was announced by Mr. (now Sir Harry) Haig, the Home Member, during a debate on the subject in the Assembly on the 13th September when he said that " no Government could possibly let its action be influenced by methods of this kind "; the method adopted could be employed with reference to any major issue and if allowed to succeed would establish a dictatorship of a novel kind which would mark the end of all government. Two days later a further announcement was made in the Assembly to the effect that as soon as Mr. Gandhi began his fast he would be removed from jail to a suitable place of private residence, where he would be required to remain. Mr. Gandhi however felt himself unable to accept any conditions and asked to be left in jail, whereupon the Government decided to allow him all reasonable facilities for private interviews inside the jail and unrestricted correspondence. Meanwhile almost continuous conversations had been taking place among Hindu leaders in Bombay and with Mr. Gandhi in the Yeravada jail, and Mr. Gandhi's unconditional release to conduct the negotiations was persistently urged. The fast began on the 20th September and after a few days of feverish discussion a settlement was reached. This settlement, sometimes called the " Poona Pact ", provides that instead of the 71 seats allotted to the depressed classes by the decision on the basis of separate electorates, a total of 148 seats should be reserved for them from the general constituencies. Election to these reserved seats is through joint electorates, subject to a system of primary election under which the depressed class

The Poona settlement.

voters in the constituency will form an electoral college which will elect a panel of four candidates who will stand for the secondary election by the general electorate. This system of primary election is automatically to cease after ten years if not previously abolished by mutual consent. On the 26th September His Majesty's Government announced their willingness to modify the communal decision on the basis of the settlement reached at Poona, and this gave general satisfaction. The settlement, which it may be noted also contained certain other provisions designed to ameliorate the conditions of the depressed classes generally, was distinctly favourable to the depressed classes in that it more than doubled their representation and reserved for them representatives of their own choice for the secondary election. For some time to come however, at any rate in some areas, they will probably experience difficulty in obtaining educated candidates, and it is possible that those finally elected by the system of joint electorates may be subject to the influence of the higher castes.

Reactions to the Poona settlement.

The settlement was acclaimed with delight by the nationalist press as a personal triumph for Mr. Gandhi and as a sure indication that Indian political leaders were able after all to settle their own differences. More dispassionate examination however suggests that the agreement reflects little departure in principle. It still provides for the reservation of special seats and, while separate electorates are abolished in name, it is doubtful whether they are not perpetuated in effect—as indeed a Liberal critic suggested —by the device of primary election. Other critics remarked that similar results might have been achieved at the Round Table Conference if Dr. Ambedkar had not been driven into his demand for separate electorates by Mr. Gandhi's uncompromising objection both to separate electorates and special reservation of seats. It is doubtful however whether this reflection sustains the charge of inconsistency levelled against Mr. Gandhi; for he would no doubt explain that, the principle he had maintained in London having been denied by the decision of His Majesty's Government, the problem had been orientated afresh. At all events the fast retrieved to some extent the loss of prestige which Mr. Gandhi had suffered by his lack of success at the second Round Table Conference and the failure of the civil disobedience movement, although some of his supporters were bewildered and perhaps alarmed at the diversion

of attention and energy from political to socio-religious questions. It also illustrated very vividly the manner in which Mr. Gandhi was still at that time able to appeal to the emotions, not only of the masses but also of their leaders, at the expense of their reason.

Untouchability.

While the leaders were busy over the settlement in the Yeravada jail a whirlwind campaign was being conducted in many large centres throughout the country for the removal of the disabilities attaching to the depressed classes. Temples were thrown open or promised to be thrown open, caste wells and so forth were no longer to be taboo, untouchability generally was to be exorcised. Emotionalism quickly subsides in India however and relief that the Mahatma was out of danger was not calculated to sustain it. Enthusiasm for the new campaign had lasted only some ten days when signs of reaction became apparent. Hindu misgivings began to suggest that the number of seats allotted to the depressed classes was excessive and still further sapped the strength of their representation, already sacrificed to Muslim claims. This was particularly manifest in the Punjab and Bengal, where the Hindu minorities were already apprehensive regarding their general position and their strength in the legislative councils *vis-a-vis* the Muslim majorities. The reaction among orthodox Hindus however was due as much to the social implications of the settlement as to the effect on the political balance of power. Several temples which had been thrown open to the untouchables were closed again; in others the sacred images had been either removed or screened before the untouchables entered; others again reported to have been opened were apparently not so after all. In the Central Provinces certain caste wells from which the untouchables had drawn water were purified with water from the Ganges. A depressed class leader who fasted outside the gates of the famous Guruvayur temple in south India in protest against the refusal of the temple authorities to admit untouchables was shown very little sympathy by caste Hindus and Mr. Gandhi telegraphed to him to break the fast. The mood of excited benignity born of Mr. Gandhi's fast did not reach the villages at all, and many demonstrations of friendliness with the depressed classes were more theatrical than real. Reaction later hardened into opposition and the settlement was denounced in one quarter as the work of a small heterodox

minority. This is not to say however that many caste Hindus, especially the more politically-minded, were not sincere in their desire to improve the status of the depressed classes and in their recognition of the inconsistency of that status with a democratic form of government. The truth of the matter is that a system so deeply embedded in the history and traditions of a people, so much a part of their daily lives, is not likely to succumb to a sudden onslaught of emotion. It must take many years of patient striving to relieve the depressed classes of the disadvantages under which they have so long laboured.

The Unity Conference.

The "Poona Pact" had one other noticeable consequence in that it spurred the Hindu leaders to renew attempts to negotiate a settlement with the Muslims and the Sikhs. Conversations took place early in October in Bombay between certain leaders of the Hindu Mahasabha, headed by Pandit Malaviya, and a group of Nationalist Muslims, joined later by Maulana Shaukat Ali. Many Muslims however, especially in the north, viewed these overtures askance, suspecting that they were prompted primarily by a desire to deprive the Muslims of such protection as the communal decision had given them. They made it plain that they still considered separate electorates to be an essential safeguard; and that any proposals for compromise should come from the majority community and should deal with the question as a whole, and in particular with the maintenance of an effective Muslim majority in the Punjab and Bengal, and not merely with election methods. In spite of this opposition however the Nationalist Muslims persisted and a Muslim Conference was convened at Lucknow on the 15th October. This conference was duly held in spite of the refusal of several influential Muslim leaders, notably from the Punjab and Bengal, to accept Maulana Shaukat Ali's invitation, and resolved to negotiate with the representatives of the Hindu and Sikh communities. The so-called Unity Conference held at Allahabad from the 3rd November to the 15th was the result. Attended by glaring publicity and a good deal of propaganda to the effect that Indians were once again to settle their own disputes, the conference after prolonged discussions reached agreement on certain points. In the meantime however Maulana Shaukat Ali, Dr. Moonje and a number of Sikh leaders had withdrawn from the scene. With these defections and

remembering that the conference even at the outset was never representative of the main Muslim point of view, it is not surprising that the agreement was not ratified by the communities concerned. It was summarily condemned as unacceptable, impracticable and injurious to Muslim interests by a Muslim conference at Delhi on the 20th November convened under the auspices of the Working Committee of the All-India Muslim League and the Council of the All-India Muslim Conference, the two principal orthodox organizations. The celerity with which this disclaimer was issued was no doubt due to suspicions of the Congress, who lost no opportunity of glorifying the Allahabad proceedings, and to a desire to counter Pandit Malaviya's hasty cable to London, where the Round Table Conference was in session, to the effect that the communal problem had been definitely solved. Similarly a resolution of the Working Committee of the Hindu Mahasabha passed on the 15th November suggested that the Allahabad decisions had gone too far and that the concessions to minority claims were " anti-national ".

The discussions were resumed in December but without tangible results. Several delegates left before the conference terminated and the atmosphere was distinctly less cordial and enthusiastic than at the first conference. Before the residue finally dispersed it was announced that agreement had been reached on the Punjab and Sind issues but that the interdependent Bengal problem had eluded settlement and would be further discussed in Calcutta. Meanwhile the orthodox Muslims had again met in Calcutta and passed resolutions confirming those adopted at Delhi on the 20th November rejecting the Allahabad scheme.

Civil disobedience in decline.

Civil disobedience activities continued at a low ebb during the rest of the year. One significant feature was the abstention from further participation in the movement of the great majority of persons convicted earlier in the year and released on expiry of sentence. Efforts were made to revive interest by publishing programmes of future activities, by attempts to hold political conferences and by raids on Congress buildings seized by the Government in the early stages of the movement. These raids as a whole however were no more successful than other activities. It had now become clear that the second civil disobedience movement had definitely failed to win public support as not conceived in the best interests of the country. This position was amply recognized

by the passage of the " Ordinance Bill " which, introduced in the Simla session, was debated in the special session which sat from the 7th November to the 15th December. The bill embodied the main provisions of the Special Powers Ordinance and was based on the realization that, while civil disobedience remained the accepted policy of a political organization, the measures devised to combat it must be given a more permanent form than could be secured by ordinance. It aroused some clamour in the nationalist press and more sober opposition in the Assembly, the general view being that not " repression " but the speedy transfer of political power to Indian hands was the true remedy for the coun- ment in select committee of which the most important was a time try's political ills. Certain changes were accepted by the Govern- limitation of three years. The definition of picketing was also modified but in this respect the Home Member made it plain that " Government were definitely not prepared to go so far as those who wished to give a licence to peaceful picketing ". These changes did not however satisfy the opposition. Their general view was voiced by Diwan Bahadur Rangachariar who, after contending that non-co-operation originated with the dissatisfaction caused by dyarchy, declared that the special powers taken to meet an emergency were no longer necessary now that the Government had brought the move- ment under control. He also urged that the " repression " under which the country was suffering was quite inconsistent with the approach of the reforms. The bill was however passed by a satis- factory majority of 57 votes to 31, indicating the extent to which political opinion had been won over by the logic of facts to the Government's view that civil disobedience could not, in the best interests of the country, be tolerated. By December provincial bills supplementing the Government of India's bill had been passed by substantial majorities and without serious opposition by the legislative councils of those provinces where the civil dis- obedience movement had been most intense, namely, Bombay, Bengal, the United Provinces, the Punjab and the North-West Frontier Province. The powers with which the legislature thereby armed the executive constitute an effective guarantee against a revival of civil disobedience and against subversive movements generally; and the manner in which responsible opinion was thus marshalled against what is a menace to any form of government

The " Ordi- nance Bill ".

should be carefully weighed by those who fear that India may falter in assuming responsibility under a self-governing constitution.

The Ottawa Agreement.

The other subject with which the special November session of the Legislature was convened to deal was the Ottawa trade agreement. As was explained in the report of the Indian delegation to the Ottawa conference, the general tariff of 10 per cent imposed by the British Government early in the year, embracing all Empire products not included in the free list, created an entirely new situation for India. With the other Dominions she was exempted from the operation of the new tariff duties up to the 15th November 1932 but would then have become subject to them unless in the meantime she came to some agreement with Great Britain. The report further pointed out that while the value of imports from the United Kingdom covered by the suggested scheme of preference was £17·4 millions, in a fairly normal year like 1929-30 the total value of goods imported from India into the United Kingdom which would receive the benefit of a preference amounted to nearly £42 millions. The agreement provided that on the British side exemption from the general 10 per cent tariff was to continue, while the duties on certain foreign goods were to be increased in order to give India further preference. On the Indian side certain British goods were to be given a 10 per cent preference and certain classes of motor vehicles a 7½ per cent preference. A supplementary agreement on iron and steel arrived at after the close of the Ottawa conference provided for the preferential treatment of British galvanised sheets imported into India, in exchange for a similar concession in Britain for Indian iron and steel.

The first reception of the agreement in India was far from friendly. More sober opinion doubted how far it would really prove to be to India's advantage, but the nationalist press—and it is here that the political reactions enter—was full for some weeks of vehement denunciation and in some instances obviously misconceived criticism. The general allegation was that the agreement was designed solely for the benefit of Great Britain. These feelings and suspicions found vent in the initial debate in the Assembly, so much so that the Government accepted an amendment referring to a special committee of the Assembly the resolution

moved by Sir Joseph Bhore, the Commerce Member, which merely recommended in general terms the acceptance of the agreement. This course in the end proved beneficial, for the majority of the special committee after examining the provisions of the agreement in detail came to the conclusion that its acceptance would definitely benefit India and accordingly, despite the prospect of bitter criticism from nationalist circles, recommended that the resolution should be passed. This development defeated the campaign of misrepresentation that had preceded the Assembly proceedings, and on the 6th December the resolution was carried by a substantial majority of 77 votes to 25. The bill itself (the Ottawa Tariff Bill), designed to implement the agreement, also secured an unanimous report from the select committee and was passed on the 15th December without a division.

The untouchability campaign.

Meanwhile Mr. Gandhi's untouchability campaign was being prosecuted as vigorously as possible by the enthusiastic. Early in November the Home Member stated in the Assembly that it had been decided to extend the facilities already enjoyed by Mr. Gandhi for carrying on untouchability propaganda while in jail. This concession appears to have given fresh life to the demand for Mr. Gandhi's release which had been more or less continuously put forward by the nationalist press since the announcement of his fast on the depressed classes issue. It was urged that release would enable him to throw himself into the untouchability campaign in person and would also assist the " unity " conversations then in progress. The Government's view however was that no relaxation of their measures against civil disobedience could be risked while civil disobedience remained the accredited weapon of Mr. Gandhi and the Congress, and this view still held good. As we have seen it had been given general expression in the Viceroy's address to the Legislature on the 5th September. It was more precisely stated in a reply sent on the Viceroy's behalf in October to a message from the Madras Liberal League urging Mr. Gandhi's release, and on the 14th November the Home Member made it plain in the Assembly that Mr. Gandhi was detained in jail on account of civil disobedience which was still his avowed programme. As to Mr. Gandhi's intervention in the communal discussions, the Government's position was that whereas the untouchability issue was essentially a moral and religious

one, the Hindu-Muslim question was primarily political and thus could not be accepted as a reason for Mr. Gandhi's release.

Orthodox reaction.

It is possible that misgivings may have been felt by some of Mr. Gandhi's supporters as to the effect of the untouchability movement on orthodox Hindus, on whom the Congress so largely relied for political support; if so they were as events showed more than justified. Orthodox Hindu opinion progressively hardened, causing obvious uneasiness in Congress circles. The statement issued by Pandit Malaviya in October in which, while approving of the opening of temples and wells and so forth to the depressed classes, he declared that the Poona settlement did not necessarily postulate inter-dining or inter-marriage, may have been intended as a concession to the forces of reaction; it certainly shocked the more enthusiastic supporters of the campaign. Towards the end of October a memorial was submitted to the Viceroy on behalf of the orthodox Hindu community asking for protection against the proposal to permit untouchables to enter temples, and protesting against outside interference with the religious rites and practices of Hindus. Mr. Gandhi however was still a force to be reckoned with. His earnestness, and perhaps also his desire to check the tide of reaction, was demonstrated by the announcement in November of his decision to starve himself to death if caste Hindus showed reluctance in bringing into effect the terms of the Poona settlement, or alternatively if the Guruvayur temple in Malabar was not thrown open to members of the depressed classes. Soon afterwards moreover, in the first of a number of statements issued from jail, he made it plain that he would brook no criticism. In answer to the charge that the method of fasting amounted to coercion he said, " suffice it to say that it was at God's call that I embarked upon my fast and it would be at His call that it would be resumed, if it ever is ". Attention was momentarily diverted from the general issue by an incident in a Bombay jail, where a caste civil disobedience prisoner began to fast because he was not allowed, as he wished, to clean out latrines. Mr. Gandhi began to fast in sympathy but was without nourishment for little more than a day, for the Government of India adjusted the matter by undertaking to enquire from provincial Governments how far the jail rules in such a matter could be modified. It is significant that little public interest was aroused by this second fast of Mr. Gandhi.

In the meantime the forces of reaction were steadily growing stronger. That Mr. Gandhi had begun to realize that his campaign was miscarrying is perhaps shown by the fact that little more was heard at this time of his threat to fast unless caste Hindus observed the Poona settlement. Interest focussed on the question of entry into the Guruvayur temple, where it may be mentioned numerous orthodox Hindus from various parts of the country had gathered to organize counter measures against those demanding that the temple should be thrown open to the untouchables. Even here however Mr. Gandhi withdrew from his original position, for towards the end of November he decided that he would not begin the fast until a referendum had been held locally to ascertain the extent of opposition among local caste Hindus. The referendum decided in favour of the reformers, although there is some doubt whether this verdict did not reflect well-organized electioneering methods rather than sincere opinion. At any rate Mr. Gandhi decided to postpone his fast on this issue indefinitely.

The constitutional method is now being tried, for a private bill designed to permit the entry of untouchables into temples has been introduced into the Legislative Assembly. While the nationalist press warmly advocates the bill, a number of representations received from orthodox Hindus protest that it amounts to a breach of Queen Victoria's Proclamation of 1858 in which it was declared that complete neutrality would be maintained by the Government in religious matters. At the moment of writing the issue is uncertain. The legal difficulties are not inconsiderable, for the administration of most Hindu temples throughout the country is in the nature of a trust.

Terrorism in Bengal in 1932.

We propose now to attempt some description of the course of the terrorist movement in Bengal, which we have thought better to treat as a whole for the year 1932. Terrorist crimes were committed at almost regular intervals throughout the year and reached a total of 97. Of these, 10 were murders, 27 attempted murders and 57 dacoities. In the previous year the total number was 81, comprising 8 murders, 23 attempted murders and 41 dacoities. The growth of the movement is illustrated by comparing these figures with those for 1929 and 1930, when the outrages totalled 8 and 53 respectively. The more outrageous and spectacular crimes committed during 1932 require mention. On the 6th February at the convocation ceremony of the Calcutta University an attempt

Outrages.

was made by a girl student to assassinate the Governor of Bengal; fortunately His Excellency was not injured. On the 30th April, at Midnapore, Mr. Douglas, the district magistrate, was shot and mortally wounded while attending a meeting of the district board. On the 13th May, at Dacca, a gang of terrorist gunmen held up a passenger train and after wounding the guard robbed certain merchants of Rs. 32,000. In June, on the 13th, Captain Cameron was shot dead while raiding a house in the Chittagong district where "wanted" terrorists were hiding; and on the 27th, at Dacca, Mr. Sen, an Indian magistrate, was shot dead while asleep. On the 29th July, at Comilla, Mr. Ellison, superintendent of police, was shot in the back and died of his wounds. On the 5th August an attempt was made in Calcutta on Sir Alfred Watson, the editor of the "Statesman"; fortunately he was not injured. His assailant was captured but contrived to take poison and died soon afterwards. On the 22nd August, at Dacca, Mr. Grassby, additional superintendent of police, was shot at while his car was held up at a level crossing and wounded. On the 24th September, at Pahartali, near Chittagong, an organized attack was made on the railway institute which was full at the time with European and Anglo-Indian subordinate railway officials. A gang of terrorists suddenly appeared at the doors and windows, threw bombs into the hall and opened fire with guns and pistols. An elderly lady of 65, Mrs. Sullivan, was killed and thirteen persons of both sexes were wounded. The casualties would probably have been much greater but for the presence of mind of those who switched off the lights. Four days later, on the 28th September, another attempt was made on Sir Alfred Watson; both he and his secretary were slightly wounded. Two of the assailants took poison and died. In November, on the 11th, Mr. Luke, the superintendent of Rajshahi jail, while out driving with his wife and daughter, was shot and wounded in the jaw; and on the 20th an attempt was made on one Abdul Khaliq, who was suspected of being a police informer and whose life had been threatened in two anonymous letters. In addition to these dastardly crimes a number of dacoities were committed in various parts of Bengal, some to raise funds with which to further the movement and others to obtain revolvers and other arms.

The feelings of the European and Anglo-Indian communities in Calcutta and Chittagong were deeply roused by these various out-

rages. There was however no hint of reprisals as in 1931; the public generally were more appreciative of the difficulties of the situation and of the measures adopted to deal with it. During 1932 a number of drastic powers were taken or re-taken with a view to increase the pressure on terrorist organizations. We have already mentioned the two ordinances promulgated towards the close of the previous year. The first of these, giving wider powers of detention without trial, was embodied before its expiry in an act (the Bengal Criminal Law Amendment Act of 1932) which became law in March. In May, just before the expiry of the ordinance promulgated in November, another ordinance was issued giving the local Government power to make rules to facilitate operations against the terrorist movement, and making attempts at murder punishable with death or transportation for life. This provision was later given permanent form by inclusion in an act passed in September (the Bengal Criminal Law Second Amendment Act, 1932), while at the same time another act (the Bengal Suppression of Terrorist Outrages Act) placed on the statute book certain emergency powers previously taken by ordinance and re-enacted earlier provisions for the trial of terrorist offences by special procedure. At the end of the year another act was passed (the Bengal Criminal Law Arms and Explosives Act) providing enhanced punishment for certain offences under the Arms and Explosives Act; this was directed not only against terrorists but also at smugglers and others engaged in the illicit arms traffic who though possibly not terrorists themselves supply the assassins with their weapons. In addition to the taking of these special powers, six battalions of infantry were sent to Bengal from other parts of India at the beginning of the cold weather and stationed at the worst centres of terrorist activity. This measure had a twofold object; on the one hand to encourage and sustain both the loyal and peaceful sections of the population, suffering from terrorist activities, and Government servants, carrying out their duties in most trying circumstances; and on the other hand to demonstrate to the revolutionary party and their secret sympathisers that the Government had ample power in the last resort to suppress disorder.

Government action.

The greatest difficulty in dealing with the terrorist movement is that of obtaining evidence. In many areas the rural population though loyal at heart have been intimidated and witnesses are reluctant to come forward for fear of reprisals. This is particularly

Difficulties of dealing with terrorism.

marked in Chittagong where in addition many inhabitants are suspected of secret sympathy with the objects of the movement. The police had the utmost difficulty in obtaining evidence against the miscreants responsible for the shocking outrage at the Pahartali railway institute which we have already described. Although the police effected many highly creditable captures during 1932 a number of organizers are still at large and appear to find no difficulty in obtaining recruits from young men of the upper middle classes, among whom unemployment is acute. Nevertheless the general situation is definitely more hopeful than in 1931. The difficulties of the local Government and the policy by which it is sought to surmount them cannot be better exemplified than by the following extract from a speech delivered by the Governor of Bengal on the 30th November 1932. " There is . . . a feeling in some quarters of disappointment that the drastic measures taken during the past twelve months have not been productive of more immediate and obvious results. Those who take that view fail, I think, to appreciate the character and ramifications of the terrorist conspiracy. In the past the suppression of outbreaks of a similar though less formidable character has taken a considerable time. Even so I am satisfied that the position of Government is in many ways much stronger than it was twelve months ago and I entertain no doubt whatever that the menace of terrorism will be fought down. Whether the poison which has induced these periodical outbreaks will be completely eliminated from the body politic depends primarily not upon Government but upon the fibre and quality of the people of Bengal. In the meantime I know of no sovereign remedy, of no heroic measure, to which a civilised Government can have recourse, that will ensure an immediate suppression of the evil. On what it is the fashion to call the " repressive side " of our policy we rely on steady pressure and a gradual strengthening of the resources of Government, letting no opportunity slip of perfecting both the protective and the combative elements in our armoury ".

Fortunately terrorism as an organized movement has continued to make headway only in Bengal and in 1932, as compared with 1930, its spectacular manifestations also were almost confined to that province. Of the isolated terrorist crimes that occurred elsewhere during the year under report the following were the most notable. In April an attempt was made to assassinate Mr. Gibson, the Com-

missioner of Ajmer, but the assailant's revolver misfired. In November, in Bihar and Orissa, an approver in the Lahore conspiracy case of 1930 was stabbed to death and a man who courageously tried to prevent the escape of the assailant was fatally wounded.

Before concluding this chapter with an account of the third session of the Round Table Conference we must refer to an issue that achieved considerable prominence towards the close of the year, namely, the separation of Burma from India. This step was recommended by the authors of the Montagu-Chelmsford report and by the Statutory Commission and accepted in principle by the Government of India; and the Burma sub-Committee of the first session of the Round Table Conference endorsed the principle of separation. When however the sub-Committee's report was discussed in committee of the whole Conference strong expression was given to the view that no action should be taken to effect separation until it was made clear that this was the desire of the people of Burma. At the conclusion of the Conference it was stated on behalf of the British Government that the necessary enquiries as to the conditions upon which separation could be effected would be made, the constitutional object after separation being the progressive realization of responsible government in Burma as an integral part of the Empire. On the 21st August 1931 His Majesty's Government announced that it was proposed to convene a Burma Round Table Conference in the following November and that the primary task of the Conference would be to discuss the lines of a constitution for a separated Burma. The Conference duly met and discussed the whole governmental field. At its close in January 1932 the Prime Minister, after describing the general lines of the constitution for a separated Burma which His Majesty's Government were prepared to recommend to Parliament, announced that it was considered necessary to ascertain whether the people of Burma endorsed the provisional decision that separation should take place, and that this broad issue should be placed before the electorate at a general election. The general election was held in November and of the candidates returned, only 31 favoured separation, 44 were opposed to it and 5 were neutral. This result occasioned surprise in many quarters, for it had been generally assumed for some time that the verdict of the Burmese electorate would favour separation. That this expectation was not fulfilled was said by those in favour of separation to have been due to

Burma—the separation issue.

skilful propaganda on the part of those opposed to separation, conducted, it was alleged, with the aid of Indian money and the help of *phongyis* (Buddhist monks) who wield great influence among the villagers. After one abortive attempt to discuss the separation issue—abortive because the President ruled out of order all motions and resolutions on the subject except one—the Burma Legislative Council under a new President passed a resolution without a division opposing the separation of Burma from India on the basis of the constitution outlined in the Prime Minister's statement. The resolution further emphatically opposed the unconditional and permanent federation of Burma with India; and, thirdly, declared that the Council would continue to oppose separation until Burma was granted a greater measure of responsibility than that outlined in the Prime Minister's statement, or alternatively, would accept federation with the right of secession and subject to constitutional recognition of Burma's geographical position and her peculiar needs and conditions. At first glance therefore it is not easy to decide what Burma actually wants. It is doubtful whether the electorate is as opposed to separation as the results of the general election might suggest; certainly there is little indication of any genuine desire for federation with India. Not improbably the present position is the result of a strategy designed to extract a greater measure of self-government than has yet been accorded. Both alternatives contained in the Council resolution, it will be noticed, run counter to the position already adopted by the British Government. The first alternative demands a greater measure of self-government than has been promised, the second postulates a right of secession from the federation—a right which the British Government have declared they are not prepared to concede. The rejection of separation at this juncture therefore may appear to have a definite bargaining value. At the moment of writing the position is still uncertain and Burma appears to be awaiting a further pronouncement by His Majesty's Government.

The Third Round Table Conference.

Towards the close of the year civil disobedience was, as we have seen, overshadowed by the untouchability campaign. Constitutionally, interest concentrated on the third session of the Round Table Conference which opened on the 17th November. This session undoubtedly enjoyed advantages denied to its predecessors. It was smaller and more informal and private in its proceedings; it worked on a fixed agenda and had at its disposal the results of the

enquiries of the constitutional committees; and, finally, the communal decision had removed the great stumbling-block of the previous two sessions. The third session was thus able to approach much more closely to detail, and by reaching a substantial measure of agreement on many problems, supplied the raw material for the constitutional proposals ultimately to be submitted to Parliament. Throughout, the proceedings were watched with very close interest in India, the nationalist press taking the customary line that the Conference was foredoomed to failure in the absence of Congress representatives. With the close of the Conference our period ends but reactions in India to its work require brief mention. The nationalist press proclaimed that the proposed constitution would be unacceptable to India, the safeguards being such as to take away the substance of self-government. Certain less extreme sections of thought, including the Bombay Liberal group, were also genuinely exercised regarding the inroad upon the sphere of responsibility made by the reservation of the departments of Defence and External Affairs and the special responsibilities vested in the Governor-General and Governors. On the other hand the attitude of the nationalist press, as in the case of its reception of the report of the Statutory Commission, has in some degree to be discounted by reason of the mechanical nature of its criticisms. Sober political opinion in India, less vocal perhaps than the extremist section but none the less vitally interested, probably views the results so far achieved as, so far as they go, a solid and satisfactory advance. The constitutional plan as it emerged from the third session of the Round Table Conference is of course subject to further examination before the draft of the new constitution is laid before Parliament, but it represents the stage reached at the end of our period. If the general features of this plan are dispassionately surveyed, emphasis will surely be laid not on what has been withheld but on what has been won. The implications of provincial autonomy are themselves far-reaching and fundamental. In innumerable matters affecting the daily life of the citizen the Indian provincial Governments of the future will enjoy full direction and control. The responsibility accorded in the central sphere will also establish a wide degree of Indian control in matters affecting India as a whole. The attributes of provincial autonomy together with this central field encompass most human activity. Between the residue withheld

and the daily life of the mass of the people, contact is remote rather than immediate. Important though this residue is, it does not affect the transfer of control of day to day administration in other spheres.

Thus broadly surveyed, the constitutional plan as it now appears offers immense possibilities of self-government; and many responsible Indians, no less nationally-minded than their more extreme countrymen, are not disposed to ignore or belittle this great and general advance by undue concentration on particular restrictions. There seems little doubt that large sections of political India will welcome and endeavour to work the new constitution, and indications are not wanting that the Congress right wing, convinced perhaps of the barrenness of non-co-operation, may join in the task.

CHAPTER II.

Defence and the Indian Overseas.

Troubles on the Frontier during the year.

We have described the subversive activities of Khan Abdul Ghaffar Khan and his Red Shirt organization in the North-West Frontier Province, constituting as they did an essential feature of the general political situation, in the chapter on politics and administration. Here we are mainly concerned with the effect of that movement on the trans-border tribes whom the Red Shirt leaders made constant efforts to embroil. On the whole these efforts met with little success during 1931, but the action taken in the North-West Frontier Province against the Red Shirt movement and the general revival of civil disobedience were not without repercussions in tribal territory north of the Kabul river. The hostile activities of the Haji of Turangzai and his sons and the Faqir of Alingar produced some unrest in the beginning of 1932 and were probably instigated by Red Shirt refugees from the North-West Frontier Province; the Haji of Turangzai it may be noted is a relative by marriage of Khan Abdul Ghaffar Khan, the Red Shirt leader. Early in February an outbreak of the Painda Khel and Sultan Khel tribes in the territory of the Nawab of Dir endangered the safety of the Chitral road and some military and police posts were burnt. This rising also appears to have been instigated and fostered by Red Shirts but was quickly suppressed by the Nawab, assisted by the concentration of a military column at Chakdara and by the threat of air action. Agitation continued however and by March the situation on the Frontier had become threatening. A *lashkar* of Bajaur tribesmen entered Mohmand country and reached the Danishkol area, only 12 miles from the British administrative border. The Haji of Turangzai, preaching a *jehad*, did his utmost to persuade the large and important Mohmand tribes to join the Bajauris in moving down on British Indian territory. Further north another Bajaur *lashkar*, including some contingents of the Utman Khel tribe, assembled to the west of the Panjkora river, on the border of Dir State, and threatened to cross the river. Reconnaissance aeroplanes were fired at by these *lashkars* and by inhabitants of the villages from which the *lashkars* were drawn. Action on the part of Government was delayed in the hope that the agitation would subside, but it even-

tually became necessary to issue warnings that if the *lashkars* did not disperse air action would be taken against specified villages. These warnings were unheeded and on the 8th March certain Mohmand and Shamozai villages were bombed. Air action continued on the 10th and 11th and the house of the Haji of Turangzai was bombed on the 12th. By evening of that day all the *lashkars* had dispersed and with this improvement in the situation the road to Chitral was opened on the 13th. In April, Upper Mohmands raided the territory of the loyal Halimzai tribe of Lower Mohmands but a threat of bombing led to the withdrawal of the *lashkar* before it had time to do any serious damage.

The Afridi settlement.

The Afridi tribe was unsettled during 1931 owing to their reluctance to acquiesce in the continued occupation by regular British forces of the Khajuri and Aka Khel plains, a measure adopted as a safeguard against a repetition of the incursions into the Peshawar district that took place in 1930. It was found necessary to make daily air reconnaissances over Afridi Tirah, but no offensive action was taken except against individuals who fired on the aeroplanes. Eventually a settlement was reached on the 3rd October; the Afridis agreed to accept the protective measures in question, their allowances were restored and the blockade against entry into British India was raised.

Events in Baluchistan.

In Baluchistan two raids directed against Government occurred during the year. On the 3rd July a *lashkar* of Suleman Khel Ghilzais and Kharotis estimated at 500 to 1,000 strong attacked the Zhob Militia post at Ashewat. The attack continued until the following morning, when the *lashkar* dispersed across the border after suffering some 20 casualties. One naik of the Zhob Militia was killed. Again on the 26th May 1932 a gang of Afghan tribesmen estimated variously at between 150 and 300 men attacked the Zhob Militia Post at Sambaza in the Fort Sandeman Agency. Reinforcements arrived on the 27th to find that the *lashkar* had dispersed across the frontier after suffering two casualties. The affairs were not of great importance, the raiding gangs being composed chiefly of bad characters.

Conditions in Waziristan.

In Waziristan conditions remained satisfactory. A British officer and two British soldiers were murdered but these crimes were without special political significance. On the 2nd November

Lt. T. M. Synge and Private Whawell of the Royal Tank Corps were shot by a tribesman on the road near Sarwekai in south Waziristan and both succumbed to their injuries. The culprit escaped into Afghan territory. In April 1932 Leading Aircraftsman East was fatally wounded near Khajuri by a young tribesman who was subsequently captured.

The Army.

The Indian Sandhurst.

The outstanding event of military administration during the year under report was the decision to establish an " Indian Sandhurst ". With a view to promote the Indianization of the Army the Defence sub-Committee of the first session of the Round Table Conference recommended the appointment of an expert committee to examine in detail the possibilities of setting up a military college in India for the training of candidates for all branches of the Indian Army. The Indian Military College Committee was promptly constituted and following its investigations all essential preliminaries were settled during the year under report. The college, called the Indian Military Academy, Dehra Dun, was opened in October 1932. It is contemplated that the intake of candidates will be 40 every two years. Of this number, twelve will be selected by a competitive examination conducted by the Public Service Commission; three will be nominated by His Excellency the Commander-in-Chief from among candidates who qualify at the competitive examination; fifteen will be selected from serving soldiers of the Indian Army (including Auxiliary and Territorial Forces) who fulfil certain requirements as regards age, rank and educational qualifications; and ten will be taken from Indian States Forces.

Twenty Indian candidates successfully competed during the year under review for admission to the Royal Military College, Sandhurst; six qualified for the Royal Military College, Woolwich, and six for the Royal Air Force College, Cranwell. In addition, two Indian officers holding Viceroy's Commissions were nominated by His Excellency the Commander-in-Chief for a course at Sandhurst with the object of qualifying for King's Commissions. With the establishment of the Indian Military Academy, however, Indians will no longer be trained at Sandhurst and Woolwich.

Mechanization.

Considerable progress was made during the year with mechanization. In the 1st Cavalry Brigade the animal transport of the field and signal troops was replaced by mechanical transport. A start was also made with the mechanization of the second line trans-

port of this Brigade and the Brigade Transport Company will eventually be converted from a horse-drawn into a six-wheeled lorry unit. The field troop of the 4th Cavalry Brigade is being similarly transformed and a portion of the transport is now mechanically drawn.

The military budget.

In 1928-29 the military budget was stabilised until the year 1931-32 at an annual figure of Rs. 55 crores. In 1929-30 the period was extended to 1932-33, and from 1930-31 onwards the sanctioned stabilised figure was reduced from Rs. 55 crores to Rs. 54·20 crores and in 1931-32 to Rs. 53·63 crores. Owing however to the financial situation the actual military budget for 1931-32 was fixed at Rs. 52 crores inclusive of Rs. 10 lakhs for the expansion of the Territorial Forces. The need for economy affected the amenity programme, a scheme drawn up in 1927 for providing better accommodation for both British and Indian troops, although the full effects of retrenchment in this respect were not felt until the financial year 1932-33. Fortunately that part of the programme which provided for improvements to hospitals and the installation of electric lighting in certain barracks had already been completed; but the provision of houses for officers and the reconstruction of Indian Troops lines must now be regarded as postponed until better times.

The Royal Air Force in India.

As has been explained in detail in previous reports the Royal Air Force in India is composed of eight squadrons consisting either of " army co-operation " or bombing aeroplanes, together with a " flight " of heavy transport machines. During the year under review one bombing squadron was re-equipped with " Hawker Hart " machines in place of " Wapiti ", and another squadron is in process of being supplied with similar machines; and four " army co-operation " squadrons were equipped with " Wapiti " aircraft in place of " Bristol Fighters ".

The Indian Air Force.

Progress in the formation of an Indian Air Force continues steadily. During the year four Indian cadets proceeded to England for training as commissioned officers in the new service, making a total number now under training at Cranwell of ten. Twenty-two Indian apprentices who have completed five years training in railway workshops will now undergo further technical training in the Royal Air Force workshops. It has been arranged to complete their training about the time of the return from England of the first batch of regular Indian Air Force officers; when, with

also a number of directly recruited Indian personnel, they will form the first unit of the Indian Air Force. To this will be attached, for supervision and training purposes, selected officers and non-commissioned officers of the Royal Air Force, who will be withdrawn as the Indian personnel becomes able to assume full responsibility for the administration and training of the unit. The Indian Air Force Act, which provides for the administration and discipline of the new force, was passed into law during the year.

Royal Air Force activities.

The Royal Air Force again co-operated with the Survey of India in completing the survey of territory in the North-West Frontier Province not easily susceptible to ground methods of survey and a total area of 1,600 square miles was photographed from the air. Other air survey work included photographs of the barrage across the Chenab river at Panjnud, the Sukkur Barrage and the new bridge over the Chenab at Chiniot. The dropping of supplies from the air was successfully practised during the year as part of Air Force training, on some occasions in actual co-operation with mobile columns of irregular troops. The use of aircraft for supply purposes is ordinarily uneconomical but might well prove invaluable in an emergency. Other items of interest during the year affecting the Royal Air Force were the reorganization of the Indian Technical and Followers' Corps, resulting in the employment of more Indian personnel on technical and semi-technical work; and the abolition as a measure of economy of the Port Depot at Kiamari.

The Royal Indian Marine.

The Royal Indian Marine also made progress with Indianization during the year, when two examinations for entry to the commissioned ranks of the Service were held. Of the nine candidates who appeared for the first, a special examination of cadets from the Indian Mercantile Marine Training Ship " Dufferin ", four were selected—two for the executive branch and two for the engineer branch—and sent to England for training. The second was an open competitive examination but none of the four candidates obtained the necessary qualifying marks. A recruiting party was sent to the Punjab during the spring and recruited 52 boys for training and admission to the service as ratings, the standard of education being raised with excellent results. No less than 1,250 boys presented themselves for recruitment.

The Royal Indian Marine Squadron carried out a cruise in the autumn, mostly in the Bay of Bengal. Madras, Port Blair,

Calcutta, Chittagong, Rangoon and smaller ports in Burma were visited. On selected days at each port the ships were open to visitors who showed great interest. The cruise was most successful and provided excellent training, combined exercises at sea with the East Indies Squadron of the British Navy being of particular instructional value. An officer of the Royal Indian Marine was attached to the Staff College, Quetta, during the year for combined exercises with the military, practical operations being carried out with the assistance of His Majesty's Indian Ship " Pathan " and motor boats lent by the Royal Indian Marine. The construction of the new Royal Indian Marine Headquarters Mess at Bombay was completed during the year and will undoubtedly be of great value to the Service. Like other departments the Royal Indian Marine also suffered from the need for retrenchment. Among other economies it was decided during the year to scrap the " Palinurus " and three trawlers.

The position of Indians in South Africa.

We propose now to record briefly the main events of the year as regards the position of Indians overseas. It was explained in our last report how at the instance of the Government of India the Government of South Africa agreed to postpone consideration of a bill embodying certain restrictions on Indians in the Transvaal until the Cape Town Agreement fell due for re-examination in 1932. In the meantime however, in 1931, an ordinance called the Licences (Control) Ordinance was passed by the Transvaal Provincial Council. This ordinance repealed the existing General Dealers (Control) Ordinance, 1926, and gave the Transvaal municipalities complete control over the issue of trading licences to Indians. It did not specify the grounds on which a new licence might be refused, or require the local authority to give reasons for refusal; it gave no right of appeal against refusal in cases of first application and restricted the existing right of moving the Supreme Court in revision. The local Indian community were perturbed by the passing of the ordinance, alleged to be opposed to the spirit of the Cape Town Agreement of 1927, and representations were made by the Agent of the Government of India to the Minister of the Interior. The ordinance eventually received the assent of the Governor-General in June 1932.

The Transvaal.

The Cape Town Agreement of 1927.

We have referred to the fact that the operation of the Cape Town Agreement of 1927 fell due for examination in 1932. This took place at Cape Town early in 1932 at a conference between

representatives of the Governments of India and the Union of South Africa, the Government of India delegation being led by the Hon'ble Khan Bahadur Mian Sir Fazl-i-Husain, Member of the Governor-General's Executive Council. The discussions were permeated by a spirit of goodwill throughout and provisional agreement was reached subject to ratification by the two Governments. The results of the conference were announced early in April 1932. Both Governments agreed that the Cape Town Agreement had been a powerful influence in fostering friendly relations between them and that they should continue to co-operate in the common object of harmonising their respective interests in regard to Indians resident in the Union. It was recognized that the possibilities of the Union's scheme of assisted emigration to India are now practically exhausted owing to the economic and climatic conditions of India as well as to the fact that 80 per cent of the Indian population of the Union are now South African-born; and it was decided to explore the possibilities of a colonization scheme for settling Indians, both from India and from South Africa, in other countries. No other modification of the Agreement was considered necessary.

The Transvaal Asiatic Land Tenure Act.

As regards the Transvaal Asiatic Land Tenure Act, certain changes were made which, broadly speaking, had the effect of safeguarding Indian rights to a greater extent than was expected when the results of the conference were announced in India in April. Clause 5 of the original bill, which sought to segregate Asiatics by provision for the earmarking of areas for the occupation or ownership of land exclusively by Asiatics, was deleted. In its place the Gold Law was amended to empower the Minister of the Interior, after consultation with the Minister of Mines, to withdraw any land from the operation of sections 130 and 131 of the Gold Law in so far as they prohibit residence upon or occupation of any land by coloured persons. This power is to be exercised, after enquiry into individual cases by an impartial commission presided over by a judge, to validate present illegal occupations and to permit exceptions to be made in future from the occupational restrictions of the Gold Law, and a commission has already been appointed by the Union Government, under the chairmanship of the Hon'ble Mr. Justice Feetham, to enquire into the occupation by coloured persons of proclaimed land in the Transvaal.

Pending this enquiry the South African Indian Congress, which condemned the act and appointed a committee to organize passive resistance, has suspended action.

Kenya.

As regards Kenya, it will be remembered that a joint select committee of both Houses of Parliament was set up in November 1930 to consider the White Paper arising out of the reports of the Hilton Young Commission and of Sir Samuel Wilson. The Right Hon. Srinivasa Sastri as the representative of the Government of India was examined by the select committee in July 1931 and explained the modifications which the Government of India, in the light of subsequent events, had found it necessary to make in their earlier views. With regard to the scheme of closer union, the committee was informed that the Government of India could not approve of the scheme proposed in the White Paper but would, if it were adopted, press for the safeguards they had proposed. On the question of representation on the proposed Central Council, Mr. Sastri pointed out that the Government of India were now of the view that African representation should be secured by the appointment of natives or, if this was not advisable, by the appointment of officials; but that if neither of these alternatives was accepted, Indians should, in virtue of their special knowledge of the country, be appointed equally with Europeans to represent the natives.

The report of the joint select committee was published in November 1931 and the decisions of His Majesty's Government in August 1932. As regards the question of closer union, His Majesty's Government accepted the view of the joint committee that apart from considerations arising out of the mandatory position of the Tanganyika territory, the time has not arrived for taking any far-reaching step in the direction of the formal union of the several East African Dependencies. As regards the common electoral roll, the committee stated " that it would be impracticable under present conditions to advocate the adoption of the system in preference to the existing system of election ". This recommendation was also accepted by His Majesty's Government. It was further decided that no change should be made in the present arrangement which secures an official majority in the Kenya Legislative Council. In the meantime action to implement some of the committee's recommendations had been taken during the year under review. For instance, the committee recommended that a careful and detailed

examination of the financial situation in Kenya as affected by the various racial communities should be undertaken by an independent authority. In pursuance of this recommendation, His Majesty's Government selected Lord Moyne to undertake the enquiry. Lord Moyne reached Kenya early in March. The Indian community in Kenya requested the Government of India, through the East African Indian Congress, to depute an officer to assist them in placing their views before Lord Moyne, and arrangements were made accordingly.

Tanganyika.

In Tanganyika, considerable resentment was aroused among the Indian community by the passing towards the close of the year under review of the Non-Native Poll Tax Ordinance, 1932, and the Trades Licensing (Amendment) Ordinance, 1932, and representations against these measures were received from the Indian Association, Dar-es-Salaam. According to the statement of objects and reasons the Poll Tax Ordinance is " a revenue measure promoted for the purpose of substituting a graduated poll tax for the existing non-native education tax ". The tax is imposed on all male non-natives above the age of 18 years and is payable on taxable incomes of £200 per annum and upwards earned during the year immediately preceding the year of assessment, at rates varying from 40 to 600 shillings per annum. No racial discrimination is involved; the Indian community in Tanganyika objected to it on the ground that it is bad in principle and unworkable in practice. The second measure, the Trades Licensing (Amendment) Ordinance, is the outcome of the desire of the Government of Tanganyika to remedy the unsatisfactory conditions under which many native crops are grown and the produce marketed in various parts of its territory. Its main object is the improvement and better regulation of trade in specified native produce such as bees-wax, coconuts, copra, ghee, groundnuts, millet and rice. To this end the Governor is empowered to declare that the purchase of such produce shall be controlled and regulated in any area in which he considers such a course desirable or necessary; and the licensing authority of the declared area may then restrict and impose conditions on the grant of trading licences. The Governor in Council is also empowered to grant an exclusive trading licence in respect of any declared area or part thereof. The objections of the local Indian community to this ordinance are that it creates monopolies directly contrary to article 7 of the mandate; that it is injurious to the interests of the natives; and that it is likely adversely to affect Indian traders, who were

pioneers in the distributive trade and have large vested interests. These objections have been brought to the notice of His Majesty's Government by the Government of India. The Governor of Tanganyika has given an assurance that the ordinance will be applied with impartiality, and it is hoped that the discretionary powers conferred by the measure will not be so exercised as to result in sudden changes to the prejudice of Indians.

Ceylon.

As regards the condition of Indian labourers on tea estates in Ceylon, it was explained in our last report that owing to the marked fall in the price of rice a reduction in the standard wages fixed for Indian labourers had been proposed. When the standard rates were fixed, employers were required to issue rice to labourers at a cost not exceeding Rs. 6/40 a bushel, payment being deducted from the labourers' monthly earnings; but when the price of this commodity declined to less than Rs. 4 in low-country districts and to a little below Rs. 5 in up-country districts, it was suggested that rice should be issued at not more than Rs. 4/80 per bushel, and that the minimum wages should be reduced by 5, 4, and 3 cents for men, women and children respectively. This proposal was unobjectionable as it did not impair the labourer's standard of living and was adopted in May 1931 with the concurrence of the Government of India. The majority of estates affected by the depression were however not satisfied with this readjustment and proposals were made to reduce wages generally by 20 per cent or alternatively to introduce a sliding scale of wages varying according to the issue price of rice. After prolonged and detailed consideration it was decided to leave wages on up-country estates unaltered and to effect a reduction on mid-country and low-country estates in harmony with the estimated fall in the cost of living. The revised rates came into force from the 1st February 1932.

Abolition of Slavery in Burma.

This chapter may be concluded with a brief reference to the anti-slavery operations of the Government of India on the north-eastern borders of Burma. In former years four expeditions were undertaken, one each to the North and South Triangle areas, one to the Hukawng Valley and one to the Upper Chindwin Naga Hills. In 1931-32 by reason of financial stringency no expedition was sent to the Naga Hills and instead of an expedition through the Hukawng Valley an officer made a short tour as far as Maingkwan where he camped for a month dealing with disputes among the

Kachins. Expeditions were however sent as usual to the North and South Triangle areas. The economic condition of released slaves, who according to the Government's instructions should be helped to earn their own livelihood and encouraged to build their own houses, if possible in the villages in which they were released, was found on the whole to be satisfactory, except for a food shortage in one locality. In the North Triangle it was found that the majority of ex-slaves had their own houses and fields and were living an independent existence similar to that of their free-born neighbours. Many slaves had migrated to other villages, some out of the Triangle, where they had joined relatives or built their own houses. There was no indication of ill-feeling between freed slaves and headmen or former masters, or of the latter having tried to revive their old domination. The released slaves have not been restricted to a certain area but have been left free to settle either within or without the Triangle. They have taken full advantage of their freedom, fearlessly migrating wherever they choose. Former slave owners have not complained that their position has materially altered or that they are poverty-stricken. On the contrary they appear contented and show no sign of having suffered economically from the suppression of slavery. In the South Triangle it was ascertained that of 526 slaves originally released in this area, only 62 were still living with their former owners. Like the freemen, many released slaves were enduring a hard time because of the scarcity of paddy following the poor harvest of the previous year; several of them were subsisting largely on jungle yams. Grants of money were made in a large number of cases to build houses and in some instances to buy paddy until the next harvest. There were no complaints of ill-treatment or of attempts at re-enslavement. Very few released slaves in this area possess cattle or pigs and it would appear that they are much poorer than those in the North Triangle. In the Hukawng Valley conditions were somewhat better and no occasion was found to make grants of money.

CHAPTER III.

Agriculture and Industry.

Agriculture.

Statistics.

The total area of India as computed for purposes of agricultural survey amounts to 1,165,967,000 acres, of which 668,869,000 acres constitute British territory. Of this area, 145,458,000 acres or 22 per cent were not available for cultivation during the year* under report owing to the land being barren, or unculturable, or covered by buildings, water, roads and so forth. A further 88,566,000 acres or 13 per cent are covered by forests. Of the balance of 434,845,000 acres or 65 per cent of the total available for cultivation, 49,076,000 acres or 8 per cent were fallow, and 155,122,000 acres or 23 per cent were classed as culturable waste, *i.e.*, lands which had either never been cultivated or had been for some reason abandoned. The net area actually sown with crops during 1931-32 was therefore 228,836,000 acres or 34 per cent of the total. If, however, lands sown more than once during the year are taken as separate areas for each crop, the gross areas sown in 1931-32 amounted to 262,901,000 acres. Of this area, food crops occupied about 216,444,000 and other crops about 46,457,000 acres. Among the food crops, food grains—cereals and pulses—covered as much as 205,014,000 acres or about 78 per cent of the total area sown, and other food crops (including sugar, condiments and spices, fruits and vegetables and miscellaneous food crops) some 11,430,000 acres or 4 per cent of the total. By far the most important of the food grain crops was rice, covering 81,288,000 acres, the figures for the principal millets (*juar*, *bajra* and *ragi*) and for wheat—second in extent to rice—being 39,422,000 and 25,320,000 acres respectively. Of the 46,457,000 acres under non-food crops, fibres such as cotton, jute and hemp occupied 17,018,000 acres or about 7 per cent of the total area sown. Oilseeds occupied 15,882,000 acres or 6 per cent and the remainder—consisting chiefly of dyes and tanning materials, tobacco, tea, coffee, opium and fodder crops—about 13,557,000 acres or a little over 5 per cent of the total.

* The statistics given in the account of agricultural administration relate generally to the year 1931-32, but where the year 1930-31 is specified it means that that is the latest period for which detailed information is available.

For many years now the provincial agricultural departments have made sustained efforts to evolve improved strains of the various crops grown in India and have succeeded in producing many varieties of better quality or of higher yield or more suitable to local conditions or more resistant to disease. This work was continued during the year under review and particular developments will be mentioned in the brief description of the various crops that follows.

Rice.

The most important crop grown in India is rice which in 1931-32 occupied an area of 84 million acres. The chief rice-growing provinces are Bengal, Bihar and Orissa, Burma and Madras, the area of cultivation respectively being 22·1, 14·1, 12·5 and 11·5 million acres. Rice is of course the staple food of most of the people of the country. With an estimated production of 33 million tons, India exported only 2·4 million tons and of this 90 per cent came from Burma, which ordinarily requires only 50 per cent of its rice crop for local consumption. India exclusive of Burma actually produces less rice than she consumes. The latest returns indicate that about 1,260,000 acres of rice-growing land throughout the country are now sown with improved varieties. In Bengal which has 77 per cent of its total cultivated area under rice, the area under pure strains evolved by the department is now estimated at 223,000 acres. The demand for Government varieties of seed received a great impetus when last year a practical demonstration was given of their resistance to the disease *sclerotium oryzæ*, from which local paddies suffer heavily in northern Bengal. A number of promising strains were isolated during the year under report. In Madras improved strains are now estimated to occupy an area of 292,478 acres. In Burma attention is concentrated on improving the types suitable for export. In the Central Provinces the actual area under improved strains has now reached over 255,000 acres. In Bombay the question of early transplantation in the Sind area is being successfully tackled, for with the opening of the Sukkur Barrage canal systems irrigation water will be available at least two months earlier than at present. In some of the Indian Universities interesting and valuable work on the physiology of the rice plant is in progress. With a view to co-ordinating the experimental work on rice already in progress throughout the country, the Imperial Council of Agricultural Research has devised a scheme of provincial research under which

all species isolated will be fully described, maintained and made available to all parts of India and Burma; selected types will be interchanged and a botanical and agricultural survey made of local rices in each province. The scheme, which applies to 95 per cent of the rice-growing area and provides for a chain of research stations with suitable sub-stations for special tracts, came into operation, except in Assam, during the year under review. Its cost is estimated at over Rs. 11 lakhs, of which the Imperial Council of Agricultural Research will contribute Rs. 9 lakhs and the Empire Marketing Board the remainder. The contribution from the Empire Marketing Board is designed to cover half the cost of research in the two exporting provinces of Burma and Bengal.

Millets. The three major millets, *viz.*, *juar*, *bajra* and *ragi*, together occupied over 53 million acres during the year under report. Until recent years comparatively little attention was paid to millets by provincial agricultural departments, but the importance of improving the quality and yield of these crops is now widely recognized and in two provinces, Madras and the Punjab, there are specialists who devote their whole attention to millets. The most important millet is *juar*, grown on some 34 million acres, the grain of which constitutes the staple food of the agricultural population of the southern half of India and Upper Burma, while the straw is widely used as cattle fodder. In the Bombay Presidency the department's strains are winning popularity among cultivators. In Madras three strains have been introduced which, even in an unfavourable season like that of 1930-31, yielded 20 per cent more grain than the village seed. In the Central Provinces the area under the high-yielding local types recommended by the department is estimated to have reached 153,000 acres. Breeding work on *bajra*, which is grown on over 15 million acres, is in progress in Bombay, the Central Provinces, the Punjab and Madras and a number of improved strains have been evolved.

Wheat. With an acreage of about 34 millions, the production of wheat during the year was estimated at 9,026,000 tons. The area under improved strains is now more than 5 million acres of which some 2½ million acres lie in the Punjab, where 31 per cent of the total acreage under wheat is situated. Improved varieties have also been extensively adopted by wheat growers in the United Prov-

inces, the second largest wheat-growing tract in India, the Central Provinces and Bihar and Orissa. In Sind the agricultural department is concentrating on improving the quality of wheats grown in the area served by the Lloyd Barrage canal systems.

Food crops classed as pulses have a peculiar importance in Indian agriculture in that they form an essential feature of rotation in most parts of the country. They are mainly gram, arhar, lentils, peas and beans. The largest pulse crop is gram, the area under cultivation in 1931-32 being about 17 million acres. Research work on gram has been in progress for many years and some of the 84 distinct types classified have received wide recognition in the principal gram-growing provinces. Much damage is done to the gram crop in certain parts of the Punjab, particularly in the north, by a blight caused by the fungus *myscospheaerella pinodes*. Scientific investigations carried out during the last six years have shown that the disease is carried through seed, that treatment of seed with a disinfectant is not completely effective and that the provision of fresh and uninfected seed from another locality free from disease is the only sure method of control. In Burma the discovery of a variety of gram immune to wilt has raised the area under this crop from 67,000 acres in 1923-24 to 200,000 acres in the year under review. Breeding work in the Central Provinces has yielded a wilt-resistant type which will be utilised as a parent to impart resistance to other strains. Improved varieties of peas and lentils have also been isolated in certain provinces and further useful results are expected from the work still in progress. **Pulses.**

Of the non-food crops cotton is the most important. During the year under review a further decline in the area under cotton was recorded. From 27,053,000 acres in 1928-29 it fell to 25,922,000 acres in 1929-30, to 23,812,000 acres in 1930-31 and to 23,722,000 acres in 1931-32. This gradual decline has been due mainly to the fall in prices. The area under improved varieties of cotton during 1930-31 was 3,810,000 acres. The most important development of recent years has been the success attained by a new type of cotton known as Verum 262 which has proved suitable for large stretches of the cotton-growing tracts of the Central Provinces and Berar. It is wilt-resistant and far superior in staple to existing provincial types. Under a scheme for organized marketing **Cotton.**

initiated by the local department of agriculture with the financial help of the Indian Central Cotton Committee, about 11,000 bales of this new cotton were handled during the year, the gross proceeds amounting to Rs. 11½ lakhs. Verum 262 is however unsuitable for certain parts of the province where the rains are unusually prolonged or there are early frosts, but with the isolation during the year under review of two new wilt-resistant strains of Verum called Early and Late, the department is in a position to meet the requirements of all the cotton-growing tracts of the province. In Madras, where improved varieties already occupy over 300,000 acres, attempts are being made by means of hybridisation to obtain still more suitable types. In the Punjab the area under improved strains during 1930-31 amounted to 1,450,200 acres or more than 58 per cent of the total acreage under cotton. Attempts are being made in the province to evolve a strain able to withstand the conditions that cause the periodic failures of the Punjab-American cotton crop, while in the United Provinces a special investigation into the problem of controlling the depredations of the pink boll-worm has now been successfully concluded and the value of heat treatment of the seed demonstrated on an area of 27,000 acres. In Bombay, 410,296 acres were laid down in 1930-31 with seed produced by the department, and the total area under improved varieties is now estimated at over one million acres. Research in cotton is partly financed by the provincial departments of agriculture and partly by the Indian Central Cotton Committee; the latter has spent over Rs. 40 lakhs during the eight years ending with 1930-31. Of this amount over Rs. 14 lakhs represent the expenditure incurred on technological research, while about Rs. 24 lakhs have been spent on agricultural research. The latter sum includes some Rs. 14 lakhs allotted to the various schemes financed by the Committee in the provinces and Indian States, the balance being the cost of the Institute of Plant Industry at Indore where cotton research is in progress. Of immediate importance to the Indian mill industry is the series of spinning tests begun at the Committee's laboratory in Bombay on Indian staple cottons combed to different degrees. With the increasing demand by Indian mills for staple cottons for spinning finer counts of yarn, much of which is imported, the results of these tests should be of great value.

Jute. The trade slump and the collapse of agricultural prices have affected the acreage under jute, second only to cotton among non-

food crops. The area under jute, the cultivation of which is confined to north-east India, was estimated at 3,492,000 acres in 1930, but in the following year fell to 1,862,000 acres, a reduction of 47 per cent. The yield of 5,542,000 bales represented a diminution of 51 per cent, but the jute trade would have welcomed a still smaller output. The acreage put down in 1932, despite vigorous propaganda for further restriction of sowings, showed an increase of 37,000 acres. Even at the present low level of prices the export trade in raw jute and jute manufactures was valued at Rs. 33,11 lakhs in 1931-32, amounting to 20 per cent of the total exports of merchandise. Nearly 88 per cent of the area under jute is in Bengal, where in 1930-31 the departmental strains occupied 1,041,500 acres or 34 per cent of the total area under the crop in the province.

Hemp.

Another important Indian fibre is sann-hemp. On an average 600,000 acres are grown with sann-hemp, of which about 200,000 acres are in the United Provinces and over 100,000 acres each in the Madras and Bombay Presidencies and the Central Provinces. During the quinquennium 1924-29 India exported on an average 555,553 cwts. of hemp valued at Rs. 1,17 lakhs, but the export trade has since suffered from the competition of other countries and during 1931-32 only 224,000 cwts. of hemp valued at Rs. 26·9 lakhs were exported. If Indian hemp is to hold its own in foreign markets against the cheaper Russian supplies, the methods of retting and preparing the fibre for market must be carefully reviewed. The recommendations made in this behalf by an officer appointed to study and report on the conditions under which hemp is marketed in India are now being examined by the Imperial Council of Agricultural Research.

Tobacco.

With an area of over a million acres cropped with tobacco, India produces normally some 600,000 tons of dry leaf or about 90 per cent of the total quantity grown in the British Empire. In spite of her pre-eminent position among tobacco-growing countries, India's share in the international trade in this commodity is relatively small though worth Rs. 85½ lakhs in 1931-32. The reason is that with the exception of the cigar industry in south India, the indigenous types of tobacco are mostly suitable only for local consumption. The leaves are generally cured on the ground and in the open and the product is coarse and strong in quality. The ever-increasing demand for a lighter tobacco asso-

ciated with the rapid extension of cigarette smoking has directed attention towards improvements both in the plant and in the methods of curing, and very fruitful work in this direction has been done at the Imperial Institute of Agricultural Research at Pusa, in Bihar and Orissa. It has been demonstrated that the well-known American cigarette tobacco Adcock can be grown successfully in various parts of India and that leaf of the right quality can be obtained by flue-curing, with the result that many flue-curing barns are now at work in north Bihar, the United Provinces and Madras. Experiments on similar lines are also in progress in Bengal where the cultivation of cigarette tobaccos is spreading. As regards the improvement of cigar tobacco, experiments are in progress in Madras, Bengal and Burma. Exotic varieties such as Sumatra, Manilla, Vutta and Pennsylvania are being tested and the results already obtained are encouraging.

Sugarcane. Despite the fact that the area of 2,972,000 acres planted with sugarcane during the year under review represents about 25 per cent of the total sugarcane acreage of the world, India has hitherto depended mainly on other countries for her requirements of white sugar. This is so because the bulk of the estimated yield of 3,970,000 tons is *gur* (raw sugar) and is consumed as such. During 1931-32 only 158,581 tons of white sugar were manufactured in central factories; another 126,159 tons were produced from *gur* in modern refineries. During the financial year 1931-32 India imported 515,000 tons of white sugar at a cost of nearly Rs. 6 crores. However, the prospects of India meeting her requirements of white sugar to a larger extent are improving. The more efficient canes evolved by the provincial agricultural departments are rapidly coming into cultivation; the efficiency of sugar factories steadily improves; the enhancement of the duty on imported sugar and its conversion into a protective duty for a fixed period is attracting fresh capital into the industry; and the various schemes of research promoted by the Imperial Council of Agricultural Research are expected to give results which when adopted by both agriculturists and manufacturers should reduce the present high cost of production. The area sown with improved varieties of sugarcane continues to increase. In 1924-25 it was 75,300 acres, in 1927-28, 268,700 acres, and in 1931-32, 1,172,000 acres or 39 per cent of the total cane area. In the United Provinces where half the total acreage under sugarcane and nearly half the total

number of sugar factories are situated, the area under improved varieties has increased in two years from 140,000 to 679,000 acres, representing 45 per cent of the total area under sugarcane in the province. The spread in this province of improved types of cane, mainly Coimbatore seedlings, represents a remarkable achievement on the part of the department. In the adjoining province of Bihar and Orissa improved varieties now occupy 36 per cent of the provincial acreage under cane. The improved varieties which have proved so acceptable to the Indian cultivator were almost all bred at the Imperial cane-breeding station at Coimbatore in the Madras Presidency and still better varieties are being produced. Investigations at Pusa into the mosaic disease of sugarcane promise useful results.

Oilseeds.

Crops classed as oilseeds, *viz.*, linseed, rape and mustard, sesamum, castor and groundnut, occupied 22 million acres during the year under review. Exports of oilseeds have gradually declined in recent years, but this has been to some extent compensated by the growth of the indigenous crushing industry. The cultivation of groundnut has made rapid strides during the last decade. While in 1922-23 the area so cultivated was estimated at only 2·6 million acres, it was no less than 5·5 million acres during the year under review, the largest expansion being in Madras and Bombay where the acreage is 2·6 and 1·5 millions respectively. This has been made possible largely by the introduction of special varieties which mature early and are resistant to disease and have proved a most valuable rotation crop with cotton in Gujerat, Karnatak, Khandesh and Berar and with sesamum in Burma. The problem of reducing the cost of lifting groundnut from the soil has also been solved in Berar by the introduction of a special plough which effects a saving of Rs. 5 per acre in harvesting cost.

Investigation of soil types.

Researches into the chemical, physical and biological properties of different soils have been in progress for some time. Apart from mechanical and chemical analysis, investigations are being made into colloids, soil acidity, the influence on plant growth of the rarer chemical constituents found in soils, the problem of exchangeable bases, the reclamation of saline lands and the effect of perennial irrigation on soils. In connection with the last mentioned subject, work was recently begun at Pusa on the characteristics of the 'kalar' soil from Sind where extensive areas have recently been put under perennial irrigation.

Manurial research.

A great deal of attention has also been paid in recent years to manures and fertilizers, including experiments to determine the specific needs of different crops and soils and the introduction of improved manurial treatment into agricultural practice. Intensive propaganda is being carried on in most provinces for the proper collection and preservation of farmyard manure, but this demands the provision of alternative sources of fuel as well as the more general practice of some form of mixed farming. Practical methods at present emphasized by provincial agricultural departments are green-manuring and the preparation of composts from weeds and crop residues. The use of oil-cakes is also being encouraged for more valuable crops. The difficulties in the way of utilizing as manure the bones which are now exported or left unused are mainly the strong prejudice of cultivators and their inability to obtain a finely crushed material with the means at their disposal. Prejudice can only be overcome slowly and this is being achieved to some extent by practical demonstration. The second difficulty, that of producing an easily pulverizable material from the crude bone, is being studied at the request of the Fertilizers Committee of the Imperial Council of Agricultural Research at more than one institution. Trials are being made at Pusa with simple and cheap chemical agents which will soften the bones so that they can be readily crushed on the farm by the ryot himself. The Council also announced two prizes of Rs. 3,500 each for bone crushers worked one by bullock power and another by engine power. Considerable evidence has been accumulated in recent years of the value of artificial fertilizers, particularly ammonium sulphate and the ammonium phosphate types, but the collapse of agricultural prices has rendered their use uneconomical for the time being in the case of the principal staple crops.

Introduction of improved implements.

The slump has also retarded the introduction of improved implements in some provinces. The number of implements sold in British India as a whole from the depots of the agricultural departments amounted to 49,998 in 1930-31 as against 53,471 in the previous year. Though as usual ploughs achieved the largest sale, the number purchased being 25,513, the most noteworthy development of the depression period has been the increased demand for cane mills and fodder cutters in the Punjab. The sale of these implements in that province in 1928-29 totalled 915 and 7,142 respectively; the corresponding figures for 1930-31 were 4,996 and

12,570. Sales by the department however by no means cover the total number of improved implements introduced into agricultural practice, for in most provinces a large part of the supply has now been taken over by private enterprise; the purchases effected through the department largely represent only the first introduction of improved types into new areas. The number of spare parts sold, totalling 21,129, is a satisfactory indication that the implements previously purchased are being kept in use. Attention is being devoted to the evolution of new designs as well as to the improvement of types already in use. The inventions of the year included a seed-drill in Bombay, improved winnowers in three provinces, improved bullock hoes and groundnut decorticators in the Central Provinces, and a new cotton ridger at the Indore Institute of Plant Industry. Other branches of agricultural engineering in which the provincial agricultural departments are interesting themselves are the utilization of underground water supplies and the improvement of lift irrigation. It is estimated that up to date the United Provinces agricultural department has increased the controllable water supply to the extent of affording protection to some 250,000 acres of land. Steady progress is being made in the installation of oil engines and centrifugal pumps for lifting water; in the United Provinces 248 power-worked tube-well installations have been laid down by the local agricultural department, while in Madras 85 pumping plants have been erected during the last two years.

Demonstration and propaganda.

In India, to discover improved methods of agriculture is one thing, to introduce them is another. It is not sufficient to bring them to the notice of the cultivator; he must be convinced by ocular demonstration, preferably in his own village, that the improvement recommended is likely to give him a substantial financial advantage by increased outturn, better quality, or in lower cultivation expenses. The village demonstration plot has proved the best and quickest method of influencing the cultivator. In the last few years the policy of concentrating demonstration plots in a small area has been adopted with gratifying results; once an improvement has established itself in one area, however small, it is quickly spread abroad. Departmental demonstration farms also play their part, and in addition there are district or sub-divisional farms, which besides providing the means for a certain amount of experimental work serve as centres from which the influence of

the department can radiate. Work on the departmental plot or farm is supplemented by peripatetic demonstrations. Among other subsidiary methods of demonstration are the distribution of leaflets written in simple language in the vernacular, agricultural shows, ploughing matches, cinema films and lectures illustrated by lantern slides. The recent innovations are travelling cinemas and exhibition vans.

Agricultural education.

The schemes for an Agricultural College at Patna and an Agricultural Institute at Dacca have had unfortunately to be postponed because of financial stringency. Of the six agricultural colleges of university standard, at Coimbatore, Poona, Cawnpore, Lyallpur, Nagpur and Mandalay, all except the last mentioned are affiliated to provincial universities. The number of students applying for admission to these colleges has decreased somewhat during the last year or two, owing to there being fewer posts available for graduates in agriculture, but there are still more applicants than can be accommodated. One hundred and sixty-five students qualified for either a university degree or a college diploma in the examinations held in 1931. Seven students completed their post-graduate course at the Imperial Institute of Agricultural Research, Pusa, and five students a similar course at the Imperial Institute of Animal Husbandry and Dairying, Bangalore. The question of reorganizing the Pusa Institute as a post-graduate training centre received considerable attention during the year under review, and as a result of the recommendations made by the Imperial Council of Agricultural Research it is proposed to establish provincial committees for the selection of students. Three educational schools of the vocational type in Bombay were closed as a measure of retrenchment. There are now seven schools left of the vocational type, of which three are in Bombay, two in the United Provinces and one each in Madras and Bengal. In the United Provinces, where there is a definite demand for vocational education, a school with a farm of 65 acres attached has been started at Ghazipur by private subscription.

Imperial Council of Agricultural Research.

Reference has been made in the preceding pages to the activities of the Imperial Council of Agricultural Research established in 1929 to foster agricultural and veterinary research on an all-India basis. The Mysore State joined the Council as a constituent State during the year under review and the Baroda State has joined since the close of the year. Most of the Council's funds

come from the Government of India and its work has therefore been handicapped during the year under review by retrenchment. Nevertheless, the Council has been able to budget for an expenditure during 1932-33 of about Rs. 9 lakhs on various research schemes. Of these, schemes for the encouragement of sugarcane cultivation and sugar manufacture will cost Rs. 2,68,000, measures for control of locusts Rs. 1,23,000, and the co-ordinated scheme for rice research already mentioned Rs. 2,35,000. The Council is also subsidising research at five universities. As was mentioned last year, the Council immediately after its establishment appointed a committee to consider means of assisting the Indian sugar industry. One of the committee's most important recommendations was that the Government of India should be asked to institute an enquiry through the Tariff Board into the question whether the Indian industry should be granted protection; and following the Tariff Board's recommendations the Sugar Industry (Protection) Act was passed during the budget session of 1932. This is perhaps the most outstanding single achievement of the Council during its short life of three years. The Council has also recommended the establishment of new sugarcane research stations which, together with those already in existence in Bihar and Orissa, Bombay and Bengal, will help to complete the scheme for a chain of testing stations throughout the Indian sugar belt. The committee's recommendation that the cost of the production of sugarcane should be made the subject of an enquiry has led to an arrangement with the Indian Central Cotton Committee under which the production costs of both sugar and cotton will be investigated. As recommended by the committee, extended tests were made during the year with the open pan processes of sugar manufacture. In view of the importance and usefulness of the results, it is proposed to carry out a more intensive investigation, embodying certain alterations and improvements that suggested themselves during the tests. The measures taken against the locust invasion during the year, which was definitely milder than in the previous year, were greatly facilitated by the warnings broadcasted by the Central Locust Bureau maintained by the Council. As a result of the recommendations of the Locust Committee, research into the life-history of the desert locust has been organized at two centres, Lyallpur and Quetta, with a desert sub-station and observation posts in south Baluchistan. Arrangements have also been made

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to obtain help in the studies of this pest from universities in northern India. The question of making better use of oilseeds is as we have seen of great importance to Indian agriculture in regard to both the better feeding of Indian cattle and the provision of fertilizers, and the Council has appointed a committee to consider the development of the Indian oilseed crushing industry.

Veterinary Department.

The veterinary departments like other departments suffered from retrenchment during the year and the expansion of provincial veterinary services recommended by the Royal Commission on Agriculture had for the time being to be stopped. Research work however was organized on a more efficient basis and this should facilitate expansion when finances improve. In addition, with a view to organizing systematic field investigation of local disease conditions, funds were granted by the Imperial Council of Agricultural Research for the employment of a specially trained veterinary investigation officer in each major province and State affiliated to the Council. These officers should in time provide more precise information of a great variety of diseases, the investigation of which has not hitherto been possible owing to lack of specially trained staff. Experiments at the Izatnagar station during the last two years, conducted with a view to cheapening the cost of producing the serum used for inoculation against rinderpest, are proving successful. This is an important matter; during the year under review, for example, when a fresh wave of infection passed over extensive areas of the country, control of the disease was considerably handicapped by the high price of serum. Various methods of vaccination practised in other countries have been under investigation at the Muktesar Institute, but the results so far obtained do not indicate that any of these methods is likely to prove satisfactory for dealing with the disease under conditions obtaining in India. Experiments with another method evolved by research in India, that of vaccination with the goat virus, have met with encouraging results and may produce a cheap and satisfactory substitute for the more expensive serum now in use.

Research.

Steps were also taken by the Imperial Council of Agricultural Research during the period under review to draft an all-India bill for the control of contagious diseases, and provincial Governments were approached with definite proposals for adopting measures to improve the general standard of education and technical training at veterinary colleges throughout India.

The incidence of contagious disease of all kinds showed an appreciable fall in 1930-31, the latest period for which detailed statistics are available, as compared with the previous year. On the other hand the total number of cases treated increased by 400,000 to 3,800,000. Evidence is not wanting that the department's activities are being more appreciated as they become better understood. Preventive inoculations were carried out on the usual immense scale and totalled 1,548,982. Figures for the various diseases were as follows: rinderpest 889,891, hæmorrhagic septicæmia 535,495, black-quarter 134,162, anthrax 8,099, other minor diseases 1,375. **Incidence of cattle disease.**

The incidence of and mortality from rinderpest had fallen considerably in the year 1930-31 as compared with the previous year. During the early part of the year under review however there was a general recrudescence of the disease throughout the greater part of southern and central India. In the Punjab, the North-West Frontier Province, Baluchistan and Burma, cattle mortality was due in the main to other diseases of which hæmorrhagic septicæmia, black-quarter, anthrax and foot-and-mouth disease were the most important. In 1930-31 hæmorrhagic septicæmia was responsible for 46 per cent of the total mortality in the Punjab, where the disease appears to be increasing with the expansion of water-logged areas resulting from extended irrigation. The same remark applies to disease caused by entozoal parasites and a proposal of the Imperial Council of Agricultural Research to finance a scheme for the more intensive study of the causes and the best methods of dealing with parasitic disease in water-logged areas is now under consideration. In Burma the incidence of rinderpest was considerably less, but foot-and-mouth disease was widespread and was responsible for a high rate of sickness and mortality.

The treatment of surra in equines and camels by intravenous injections of suitable doses of maganol was carried out on a large scale, particularly in the Punjab, and is already proving a great boon to owners in areas subject to periodical flooding where conditions favour the spread of the disease.

Cattle-breeding, one of the most important branches of animal husbandry, has also suffered from the prevailing depression, for there has been considerably less demand for the stud bulls specially **Live-stock breeding.**

maintained on Government farms. This unfortunately is not merely a temporary handicap, for the use of inferior bulls for breeding purposes undoes the organized work already accomplished to improve live-stock strains. The breeding of cattle for draught continues to be the main interest of cultivators throughout the country but interest in the improvement of cows for dairy purposes is increasing and the demand for suitable bulls in certain areas has been greater than could be met. This is an encouraging feature because in the absence of a local market for beef the successful development of live-stock industry in India as a business must depend very largely on the development of a rural dairy industry. Experiments carried out on military dairy farms suggest that with proper development there is no reason why suitable pure-bred Indian milch cattle should not very soon be graded up by selection so as to compete favourably with imported and cross-bred cattle, respectively expensive and susceptible to disease. In spite of the imperative need of economy some progress was made during the year, notably in the Punjab, with cattle-breeding and with experiments to improve the strains of sheep, horses, donkeys, camels, goats and poultry.

Veterinary education.

During the period under review the new veterinary college at Patna was completed and the first batch of students admitted in July 1931. The Government of Bihar and Orissa thereupon withdrew their students from the Bengal Veterinary College, but this did not seriously affect the demand for admission to that college which has been steadily increasing for years. In the Madras Veterinary College an improved curriculum was introduced during 1930 in accordance with the recommendations of the Royal Commission on Agriculture. It is hoped that following a proposal of the Imperial Council of Agricultural Research a general revision of the curricula of all veterinary colleges will be undertaken in the near future by a committee of experts. Valuable post-graduate and refresher courses were held at the Imperial Institute of Veterinary Research, Muktesar, and the latter courses have now been thrown open to officers of the provincial services.

Dairying.

Dictates of economy also interfered considerably with the progress of scientific research into dairying practice during the year. Certain investigations were however carried out regarding long distance transport of milk for city supply, the manufacture of

cheddar cheese by means of a purely vegetable coagulant, the neutralization of sour cream for butter making, and the pasteurisation of milk by various types of machines. The Central Bureau of Animal Husbandry maintained its propaganda work and supplied dairying films to various institutions.

Useful work was also done by the physiological chemist in the investigation of nutrition problems, one of the most important aspects of animal husbandry in India. A proposal to establish a larger nutrition institute for the whole of India was examined by the Imperial Council of Agricultural Research but had to be indefinitely postponed because of financial stringency.

Forests.

The range and importance of the problems connected with the administration of India's vast forest area have been discussed at length in previous reports and it is sufficient to preface our review for 1931-32 by emphasizing that the essential problem consists in maintaining a balance between preservation and exploitation. If grave and probably irreparable damage is to be avoided, the extent of new planting and of maintenance must be at least proportionate to fellings and other spoliation. Proper conservation has a far-reaching value in the sense that forests have an acknowledged influence on the character of the climate, the extent and distribution of rainfall, and the depth and quality of the soil; and it has a more immediate purpose in serving to maintain the source of revenue provided by the sale of forest products, which in addition to timbers include subsidiary products such as bamboo, lac, tanning materials, oils, turpentine and rosin. In the year 1929-30 the net profit derived from the country's forests was as much as Rs. 2·50 crores. This head of revenue however did not escape the effects of the slump in trade. In 1930-31 the net profit fell by slightly more than one-half and in the year under review, in spite of rigid economy, was only Rs. 95·32 lakhs. Of this sum, Rs. 44 lakhs was earned by Burma, a notable achievement in view of the difficulties of forest work in Lower Burma during the rebellion and the heavy fall in the price of teak, Burma's chief forest commodity, from Rs. 80 per ton in 1930-31 to Rs. 47 in 1931-32. The revenue derived from the forests is of course by no means uniform, for very large tracts are either completely inaccessible or of such poor quality that they can never yield any cash profit. Moreover, extensive free rights are enjoyed by right-holders and

forest villagers in building-timber, fuel, grazing, grass cutting, bamboos and minor forest produce, the nominal value of which is Rs. 62 lakhs. These concessions provide for the free grazing of 13 million head of cattle and the free distribution of $4\frac{3}{4}$ million cubic feet of timber and $61\frac{1}{2}$ million cubic feet of fuel.

Research. Although the forests are administered provincially the importance of central research is obvious and was recognized in 1906 by the establishment of the Forest Research Institute at Dehra Dun. During the year under review the need for economy led to a considerable contraction of research work, but all important investigations were pursued and several new ones begun. The silviculture branch published a statistical code and an experimental manual; the latter should prove of great value to provincial silviculturists by ensuring standardization of procedure and continuity of action in experimental work, the lack of which has been a great handicap in the past. Field work included the laying out of 32 fresh sample plots in Kulu, making a total of 1,327 permanent sample plots under observation. Numerous experiments of a practical nature were conducted and the results obtained during the year were published; in particular tree and crop investigations in teak were made in co-operation with provincial departments. In the forest botany branch six new species of trees and shrubs, mainly from Burma, and a new species of oil-yielding grass were isolated; this grass will be cultivated at the Institute and the oil product analysed. In the entomologist's branch the investigation into the sandalwood spike disease progressed, in co-operation with provincial forest departments, to its second phase, that of determining whether any insect is capable of transmitting the disease. In this connection the ecological survey of the insect fauna of the sandal tree was completed during the year. Work in the bio-chemist laboratories produced several results likely to be of commercial value. It was found that a new variety of *Artemisia* (wormwood) contains a high santonine content; and the fat from the seeds of *Vateria indica*, a large evergreen tree growing at the foot of the Western Ghats, was shown to form an excellent vegetable tallow, possessing physical and chemical properties similar to those of animal tallow. A composition prepared at the Institute for re-conditioning abrased spike holes in railway sleepers has proved successful and has been patented under the name of " Fridera ". In the

economist's branch, tests and experiments designed to help the commercial side of forestry covered a wide range. Tests to determine the strength of bamboos, plywood, wood for tea-boxes and timber for aeroplane parts were continued; and at the request of the North-Western Railway methods of treating sleepers containing sapwood, including a new arsenic specific, were investigated. In the paper pulp section certain grasses and waste flax fibre were tested as to their suitability for paper manufacture and the results justify large-scale experiments. The preparation of wrapping papers and of a pulp suitable for the artificial silk industry was also investigated.

Forestry education.

It was decided not to hold a competitive examination for recruitment to the Indian Forest Service either in 1931 or in 1932 as no vacancy was likely to occur in 1933 or 1934 to which a successful candidate could be appointed after undergoing the usual two years' probationary training in forestry at the Indian Forest Service College, Dehra Dun. This college was opened in November 1926 for the training of probationers recruited by competitive examination in India, and of students deputed by provinces, Indian States and countries outside India. When the college was started it was expected that it would have twelve students in each year. This expectation was not however realized and the number of students, both Government probationers and others, gradually decreased until the class for the 1930-32 course consisted of only two probationers. In view of this and of the decision not to recruit for the Indian Forest Service in 1931 or 1932, it was decided to close down the college for the time being from the 1st November 1932. The Forest Rangers' College at Dehra Dun continued to function and passed out 15 trained men in the 1929-31 class and 19 in the 1930-32 class.

The Provinces.

Most of the provinces reported steady progress and development during the year under report, though there is considerable departmental anxiety as to the effects of heavy retrenchment in funds and personnel on important work such as the formation of plantations to replace felled crops, the proper thinning and tending of established young woods and the upkeep of forest roads and buildings. This anxiety is particularly marked in Burma and Assam. In the United Provinces considerable progress has been made in regenerating refractory *sal* forests where natural seedlings

cannot be induced to grow; labourers have been introduced to take up farm cultivation for a few years on condition that tree seedlings are grown along with their farm crops. In the Punjab the establishment of a series of irrigated forest plantations as part of the economic development of the extensive new canal colonies is progressing satisfactorily.

Irrigation.

As has been explained in previous reports, the problem of supplementing the precarious and uneven rainfall supplied by the monsoons has always loomed large in the agricultural economy of India, and the manner in which this problem has been met is one of the greatest achievements of British administration. Fifty years ago the extent of land irrigated by Government works was already 10½ million acres. By 1900 this area had been almost doubled and at the present time has been trebled. During the year 1930-31—the latest period for which detailed statistics are available—the total acreage irrigated by Government works was 31 millions, representing 12·7 per cent of the total cultivated area. This acreage it may be noted is much higher than in any other country in the world. The next largest irrigated area in any one country is in the United States of America where according to recent information it totals some 20 million acres. During 1930-31 the total length of the main and branch canals and distributaries in use in India amounted to some 75,000 miles and the estimated value of the crops supplied with water from Government works was Rs. 86 crores. The province with the largest irrigated area was the Punjab, where the total acreage amounted to 11,485,000; moreover a further 1,487,000 acres were irrigated from channels which, although drawing their supplies from British canals, lie wholly in Indian States. Next among the provinces came the Madras Presidency with an irrigated area of 7,573,000 acres, followed by the United Provinces with 3,989,000 acres and Sind with 3,700,000 acres. The total capital outlay on irrigation and navigation works, including works under construction, amounted at the end of the year 1930-31 to Rs. 136·4 crores. The gross revenue was Rs. 12·09 crores and the working expenses Rs. 5·69 crores, the net return on capital being therefore 4·7 per cent.

Opening of the Lloyd Barrage.

Two important events in the field of irrigation occurred during the year. The first was the opening of the Lloyd Barrage by the Viceroy on the 13th January 1932. As has been explained in

previous reports, this barrage with its bridge-way across the Indus near Sukkur is the central feature of a system which will provide a perennial supply of water to an area of about 1,850,000 acres, at present inadequately served by inundation canals, and will also irrigate a further 3,625,000 acres. The seven large canals taking off immediately above the barrage were brought into operation during the cultivation season of 1932. All subsidiary work, such as minor water-courses and canal structures like regulators, falls and bridges, is now practically complete. A soil and subsoil survey is being carried out on both banks of the Indus with a view to ascertain to what extent and in what areas there is danger of water-logging consequent on the opening of the new canals, and to design a suitable system of drainage. Another important subsidiary piece of work is the rectangulation by the Survey Department of the area commanded by the new canals, which will eventually be carried down to units of one-acre plots. The object is to secure the proper distribution of water and facilitate the construction of water-courses.

Steady progress was made with the Sutlej Valley project in the Punjab, the other big irrigation work now under construction, the precise objects of which have been described in detail in previous reports. The sanctioned estimated cost is Rs. 23·86 crores and the expenditure incurred up to the end of the year 1930-31 totalled Rs. 20·48 crores, of which the States of Bikaner and Bahawalpur have together contributed Rs. 10·95 crores.

Central Bureau of Irrigation.

The second important event of the year was the establishment of a Central Bureau of Irrigation as an essential adjunct of the Central Board of Irrigation. This organization satisfies a want long felt by irrigation officers and has great potentialities *vis-à-vis* the development of Indian irrigation. It has not hitherto been mentioned in these reports and it is proposed therefore briefly to describe its origin. Before 1920 irrigation was in many respects a central subject although its day to day administration was conducted by provincial Governments. All funds necessary for the construction or extension of major works were provided by the Government of India who were therefore to all intents and purposes owners of the works and in most cases shared in the revenue derived from them. With the introduction of the reforms in 1920, however, irrigation became a provincial subject and the position

of the Government of India changed, broadly speaking, from owner to banker. They continued in most cases to find the money for large works but the local Government concerned paid interest on the money and in return took the whole of the revenue derived from the project. The main financial responsibility thus passed to provincial Governments but the Central Government retained powers of superintendence, direction and control as in the case of other reserved subjects. The indefinite nature of these powers of control gave rise to some difficulty in the early years of the reforms and in 1926 the Central Board of Irrigation was established with a view to maintaining technical contact between the Centre and the provinces. As originally constituted it consisted of the Chief Engineer for Irrigation from each province and the Consulting Engineer to the Government of India, and from among its members sub-committees were selected to examine a particular project or to report on any specific technical question. In 1926 however the Royal Commission on Agriculture began its labours and in 1928 recommended the establishment of a Central Bureau of Irrigation, its main functions being to act as a clearing house of technical information for provincial officers and to keep both the public generally, and irrigation officers in particular, in touch with irrigation development. This idea was developed at a meeting of the Central Board of Irrigation held in November 1930. It was decided that the Board should cease to be a mere panel providing personnel for technical sub-committees and should become an active committee meeting at intervals and securing continuity of existence through the medium of the proposed Bureau which with a permanent secretary would function as the Committee's office. The Bureau came into being in May 1931. Its main objects are to ensure the free exchange of information and experience on irrigation and allied subjects between the engineer officers of the various provinces; to co-ordinate research in irrigation matters throughout India and to disseminate the results achieved; to convene at intervals general congresses at which selected irrigation matters will be discussed by officers from various provinces; and to establish contact with similar bureaux in other countries with a view to the exchange of publications and information. These objects postulate among other things the maintenance of a comprehensive library of irrigation publications, both Indian and foreign. It is hoped that the Bureau will establish

liaison between the provinces in irrigation matters, preventing, for example, as has happened in the past, laborious enquiry in one province into problems already solved in another province; that it will ensure that co-ordination in research which is so desirable, for practically all the possible simpler and more obvious irrigation schemes have already been constructed and future progress depends either on the construction of new projects of greater complexity and technical difficulty or on the extension of existing systems by economy in use of water; and in general that it will remove that technical isolation of the provinces which is both dangerous and wasteful. The organization it may be noted has not only the enthusiastic support of irrigation officers but also the financial backing of local Governments. The Bureau was financed during the year 1931-32 by the Government of India, but with local Governments expressing willingness to contribute towards its support the Bureau has now achieved independent existence under the Central Board of Irrigation, the Government of India contributing in the same manner as provincial Governments.

Industry.

We propose now to deal with industry. India is primarily an agricultural country and the percentage of her people engaged in industry is comparatively small. According to the census of 1931 the proportion of the working population engaged in agriculture is 66·4 per cent and of that engaged in industry (excluding transport work) roughly 10 per cent. It is calculated that not more than one-third of this 10 per cent are employed in organized industrial establishments. But this proportion though small means that more than 15 million people are engaged in some form of industrial pursuit. For this reason India has been listed by the International Labour Organization as one of the eight most important industrial States in the world, and she certainly has industrial aspirations.

Report of the Labour Commission.

The emergence of industrial problems and the necessity of organized measures to meet them was recognized by the appointment in 1929 of a Royal Commission on Labour, the publication of whose report in July 1931 was the most important industrial event of the year. It is impossible in the space at our disposal to attempt more than a brief review of the main features of the report. The terms of reference were " to enquire into and report on the existing conditions of labour in industrial undertakings

and plantations", the Right Hon. J. H. Whitley, formerly speaker of the House of Commons, being chairman. Perhaps the most remarkable feature of the undertaking is that a Commission including employers, trade union leaders, officials and private individuals, drawn from both England and India, should have put forward unanimous recommendations in respect of all but a very few matters.

The report discusses in detail the conditions of work in organized industry, dealing separately with factories, workshops, mines, transport, ports and public works. In the course of this review existing labour legislation is analysed and a number of the recommendations made are directed towards its improvement. The analysis suggests that, within the field they cover, the existing laws have proved valuable and the Commission's proposals represent for the most part natural developments of the existing structure. But the Commission draws pointed attention to those fields which lie outside the scope of the present labour laws and particularly to the small workshops where children were found to be employed in pitiable conditions. As regards the more highly organized industries important recommendations are addressed to employers, and many of the evils attending both the life and the work of their employees are traced to remediable defects in industrial organization.

A separate section of the report is devoted to the conditions of life of industrial workers. Here the picture is much darker than is the case with working conditions and the need as well as the difficulty of improvement is greater. Housing is deplorable, especially in the main industrial centres, and health conditions are very unsatisfactory. These and other factors create inefficiency; inefficiency tends to produce poverty; poverty is in turn responsible for poor health and miserable housing. There is thus a vicious circle to be broken. In this connection the Commission lay great stress on the burden of indebtedness under which the mass of workers labour and some of their more novel proposals are directed towards the alleviation of this canker, which lies at the heart not merely of industrial life but of the life of many classes in India. Proposals forming the basis of a truck Act are also included in this section.

Perhaps the most original part of the report is that dealing with plantations. There has been no comprehensive all-India

survey of this field and in past controversy prejudice has too often taken the place of knowledge. The Commission had the advantage, never previously enjoyed by any responsible body, of seeing the problem from both ends—in the plantation areas and in the distant tracts from which the workers are for the most part drawn. Their picture of conditions of life is, compared with that of the industrial areas, an encouraging one. Speaking of Assam, which is the leading tea-producing province, they say " the better features of existence on the gardens are many, and there are none of the worse features that cannot be found, in an exaggerated form, in the industrial areas ". But they also stress the need of improvement in several directions and some of their more radical recommendations relate to plantation areas. The existing legislation relating to recruitment for Assam is condemned, and their legislative proposals include one (already carried into effect) for the complete recasting of the law.

The report then deals with the politico-economic aspects of labour, discussing trade union development and trade disputes and offering proposals for a revision of the Workmen's Compensation Act, a measure which the Commission finds has been successful. These proposals were embodied in a bill introduced in the Legislative Assembly early in 1932. The concluding chapters of the report are devoted to the administrative and constitutional aspects of labour, and look forward to the position of labour under responsible government.

The Factories Act.

We now turn to the ordinary administrative features of industry during the year under review. The latest report of the working of the Factories Act, which stipulates a sixty-hour week and a minimum age of 12 for child employees, covers the year 1930. During the previous five years there had been a regular increase in the total number of factories by some 250 or 300 each year. In the year under review however the number increased only by 19 to a total of 8,148, reflecting the general trade depression; in some provinces, notably Madras, Bihar and Orissa, and the Central Provinces, the total number declined. The total factory population fell from 1,553,169 in 1929 to 1,528,302 in 1930, which is slightly higher than the figure for 1928. In cotton spinning and weaving mills however employment increased from 337,952 hands in 1929 to 353,451 in 1930, the highest figure ever recorded.

The total number of women and children employed decreased, their percentage to the total factory population being 16·7 and 2·5 respectively.

Accidents. Accidents were more numerous than in the previous year and totalled 21,784, but the number of serious accidents fell. The rise in the total figure appears to be due less to an actual increase in the number of accidents than to the fact that more are reported nowadays, particularly since the introduction of the Indian Workmen's Compensation Act. As regards working conditions in factories, while the slump has retarded the progress of housing schemes and other forms of welfare work, steady progress has been maintained in the fencing of machinery, ventilation and lighting arrangements. The total number of convictions during the year for offences under the Indian Factories Act was 1,201 as compared with 1,302 in 1929.

Workmen's Compensation Act. The number of cases falling within the purview of the Workmen's Compensation Act so far as workers in factories, mines, railways, docks and tramways were concerned, increased from 18,865 in 1929 to 23,574 in 1930, although the total amount of compensation paid, Rs. 12,45,764, was slightly less than in the previous year. It is clear that the provisions of the act are becoming more widely known, but the full attainment of its objects is still retarded by various causes. Some employers, especially small employers, seek to evade their obligations, while workers are inclined to accept whatever amount is offered to them, partly from a desire to avoid formal proceedings under the act and, in the case of minor accidents, to anxiety to retain service with the employer.

Trade unionism. The growth of trade unionism in India is shown by the figures of registered unions which in 1927-28 numbered only 29 but in 1930-31 rose from 104 in the previous year to 119 with a total membership of (excluding 13 unions in respect of which particulars are not available) 219,000. These figures however far from accurately reflect the extent of the movement in India, for registration is not compulsory and many unions are still inclined to think that the benefits of registration are an inadequate return for the obligations imposed on registered trade unions by the act. Thus according to the Labour Gazette for February 1932 the total number of unions in the Bombay Presidency in December 1931 was 95, whereas only 38 unions were registered. Similarly, of 28

ions known to be in existence in Burma and 18 in the Delhi ovince, only 1 and 4 respectively were registered. As we have een the Royal Commission on Labour laid great stress on the lesirability of encouraging well-conducted and genuine unions to register.

Trade Disputes Act.

The last important labour measure passed prior to the appointment of the Labour Commission is the Trade Disputes Act of 1929. Its object is to provide means to prevent or compose industrial disputes by setting up courts of enquiry or boards of conciliation. The awards of these tribunals are not binding on the parties concerned but are expected to exercise a restraining influence. In the year under report the provisions of the act were resorted to only once, a court of enquiry being set up to investigate certain complaints arising from the retrenchment of workshop staff on the railways.

Strikes.

The total number of strikes in 1931 was 166 and the total number of men involved 203,008, as compared with 148 strikes involving 196,301 men in 1930. The working days lost amounted to 2,408,123. In about 60 per cent of the strikes the workers failed to gain any concession, a proportion almost exactly that of the previous year. The worst strike of the year from the point of view of its persistence was that in the Hastings Jute Mill at Hooghly where over 5,000 men were on strike for nearly two months in an unsuccessful protest against a 10 per cent cut in wages. A strike on a larger scale but of lesser duration took place in the Sholapur Cotton Mills in the Bombay Presidency where 15,000 men absented themselves for three weeks because of grievances regarding pay and allowances and the recognition of their union. This also was unsuccessful.

International Labou. Action.

We referred in our last report to a resolution passed by the Legislative Assembly urging the Government to examine the possibility of giving effect to a recommendation concerning the prevention of industrial accidents adopted by the 12th session of the International Labour Conference, of which India is a member. The Government of India thereupon consulted local Governments who while in general agreement with the principle underlying the recommendation expressed considerable criticism of its details. The Royal Commission on Labour having made certain recommendations on the same subject, it was decided to proceed with the examination of the question in the light of the Commission's report

and not to pursue independently the recommendation of the International Labour Conference.

Mention was also made last year of two draft conventions accompanied by subsidiary recommendations adopted by the International Labour Conference at its 14th session in 1930, one dealing with forced labour and the other aiming at regulating the hours of work in commercial undertakings and offices. As regards the convention dealing with forced labour the Indian Legislature adopted a resolution recommending that action be taken as soon as practicable to implement it except in so far as one of its articles conflicted with the exaction of labour under the Criminal Tribes Act, the Good Conduct Prisoners Probational Release Act, and other similar legislation in force in India. This resolution was accepted by the Government. As regards the convention dealing with hours of work in commercial undertakings the Legislature recommended that it should not be ratified and that the subsidiary recommendations should not be accepted. The resolution was accepted by the Government who considered that it was going too fast to ask Indian commerce to accept a 48-hour week at once when the Washington hours convention laid down a 60-hour week for Indian industrial undertakings; that legislation could not be introduced without much fuller information of the conditions of commercial undertakings in India, which information could only be procured by an elaborate enquiry not at present justified; and that the maintenance of an inspectorate large enough to enforce the provisions of the convention would be a serious practical difficulty.

A further illustration of the international treatment of labour questions was provided by the convention limiting hours of work in underground coal mines to $7\frac{3}{4}$ per day and including certain other regulations, adopted by the International Labour Conference at its 15th session held at Geneva in May and June 1931. The convention was laid before the Indian Legislature during the year under report and both chambers recommended that Government should examine the possibility of reducing the statutory limit for hours of work in coal mines in India. The resolution was accepted by the Government.

CHAPTER IV.

Communications.

In this chapter we propose to give some account of the year's administration of India's railway system, her posts and telegraphs, roads, wireless stations and air services. **Railways.**

A review of the financial position of the railways will be found in Chapter VI; here we are concerned with general administrative questions. The year under review is chiefly remarkable for the decrease in railway revenues resulting from the world-wide trade depression, necessitating drastic retrenchment. One of the sub-committees set up by the Retrenchment Advisory Committee of the Central Legislature examined the railway position and a large number of its recommendations, many of which have since been adopted, suggested economies in staff. The total number of railway employees at the end of the financial year 1930-31 was 781,859, and this by the end of the next financial year had been reduced to 730,290; *i.e.* by 6·59 per cent. This reduction was not confined to subordinate and inferior ranks but included the gazetted or superior cadres. Further economy was effected by the emergency cut in pay to which all railway employees were subjected in December 1931. Reduction in the subordinate posts affected chiefly the workshop staff. The decrease in train mileage involved by the general contraction of railway business meant less work for the workshops and therefore a superfluity of workshop employees. Economical running demanded a reduction of staff to the level of actual work and the various railway administrations were authorized by the Railway Board to proceed accordingly, subject to certain general principles aiming at uniformity and minimising hardship as far as possible. This aroused controversy and in June 1931 following a discussion with the All-India Railwaymen's Federation the Railway Board suspended workshop staff retrenchment until October. The Federation however was not satisfied with this decision and pressed for the appointment of a board of conciliation under the Trade Disputes Act. The provisions governing the creation of such a board being considered inapplicable the proposal was not accepted by the Government, but in order to meet the views of the Federation as far as possible it was decided to appoint a court of enquiry **General administration.**

under the same act. The court of enquiry sat from September to December 1931 in the principal railway centres and its report, submitted to the Government in February 1932, generally vindicated railway administrations and the methods they had adopted in carrying out retrenchment. It was therefore decided to resume the discharge of surplus staff.

During the year under review steps were taken to bring into force the Indian Railways (Amendment) Act, passed by the legislature in 1930, regulating the hours of employment of railway servants in pursuance of the Washington and Geneva conventions. The rules framed under the act were given statutory force on the North-Western and East Indian Railways from the 1st April 1931 and a labour supervisor was appointed under the act to ensure compliance with the rules, the supervisor being unconnected with any particular railway administration. Other railway administrations, to which for reasons of economy the rules were not extended, were instructed by the Railway Board, following a recommendation of the railway retrenchment sub-committee, to give effect to the principles underlying the rules so far as existing budgets made this possible.

In July 1931 the report of the Royal Commission on Labour was published and a number of important recommendations affected railways. These were examined by the Railway Board and individual railway administrations and by the end of the year certain provisional conclusions had been reached.

During the year further progress was made with the Indianization of the railway services and the recommendation of the Lee Commission that Indians to the extent of 75 per cent should be recruited in the superior or gazetted ranks of the services is gradually being attained. Another important matter that engaged the attention of the Railway Board was the proper representation of minority communities in the railway services. An officer was placed on special duty to study the subject and to recommend arrangements for recruiting consistent with the policy of Government for the representation of minority communities.

Owing to the need for rigid economy the Railway Board found it necessary during the year to curtail facilities for the training of staff. The principal step taken in this direction was the closing of the Railway Staff College at the end of February, the college premises being handed over to the Army Department for the new

Indian Military Academy. The question of training officers and probationers in future is still under consideration. Subordinate officers continued to be trained in the various Area Schools which it was decided should be kept open.

Constructional work.

As regards construction work, all projects for new development in British India had to be abandoned. But the construction of new works undertaken before the depression was not suspended and the total length of new line opened to traffic during the 12 months ending on the 31st March 1932 was 570 miles. This included the Raipur Parvatipuram Railway, a link between the Central Provinces and the east coast of India long contemplated as a part of the general railway system. In addition some 508 miles were under construction at the close of the year and will it is hoped be completed during the next few years. The only items of new construction begun during the year were three small lines, totalling 81·84 miles, undertaken by the Rulers of Mysore and Gwalior for purposes of development. Apart from the building of new lines started before the depression the Railway Board had in hand a number of other constructional works. Notable among these was the Calcutta chord railway, which affords direct access to the docks and was opened for goods traffic during the year under report. A new bridge over the Indus at Kalabagh was also opened in August and replaces a ferry service which was liable to interruption during floods. The electrification of the Madras suburban section of the South Indian Railway was also completed during the year. Progress was made with the doubling of the 142 miles of line between Cawnpore and Tundla and with the conversion of the Shoranur-Cochin Railway, 65 miles in length, from metre to broad gauge, necessitated by the increased traffic demands arising out of the new harbour at Cochin. This latter project is an enterprise of the Cochin State. Various other constructional improvements undertaken in recent years, such as the building or rebuilding of bridges, were also continued so far as funds permitted. An unfortunate incident on the other side of the picture was the damage caused to railway works, amounting to Rs. 23 lakhs, by a series of earthquake shocks in Baluchistan between the 25th August and the 4th September.

Local Advisory Committees.

The various local railway advisory committees, which provide a valuable link between the railway administrations and the general public, held 110 meetings during the year. Particulars of the

subjects discussed at these meetings and the subsequent action taken by the railway administration concerned are embodied in pamphlets published quarterly by the Railway Board. The subjects discussed this year were as usual many and varied and included the provision of buffet cars for Indian refreshments and of additional waiting rooms and bathing places in stations, the issue of return tickets at reduced fares, and special trains for pilgrims.

The Railway Rates Advisory Committee.

The Railway Rates Advisory Committee, under the presidentship of Sir Narasimha Sarma, formerly Law Member of the Governor-General's Executive Council, inquired into two important cases during the year. The first was a complaint regarding freight rates and booking facilities for coal, the second a dispute between the Pioneer Motor Boat Co., Dacca and certain river steamer companies regarding the passenger fares charged on the run between Sarajdhika and Dacca; the latter inquiry was undertaken at the instance of the Commerce Department of the Government of India. It was decided during the year as a measure of economy that this Committee should in future be employed ordinarily for not more than six months in each year. If the number of cases referred to the Committee does not increase and this arrangement can be maintained it will reduce the annual cost of the Committee from roughly Rs. 1½ lakhs to Rs. ½ lakh.

The Central Publicity Bureau.

Despite a reduction in staff and other economies the work of the Central Publicity Bureau in 1931-32 was no less successful than in the previous year. In particular the number of reservations of special carriages for tourists from overseas, called " tourist cars ", exceeded all previous figures in spite of the adverse effect on tourist traffic of the general depression and disturbed political conditions in India. The film production department was closed down in the interests of economy but several old films were lent to various exhibitions and associations. The issue of photographs and pamphlets continued though on a somewhat restricted scale, while experiments made with a view to develop third class traffic promise useful results.

Purchases and stores.

During the year under review 29 new standard locomotives were ordered and orders were placed in India for the manufacture of 45 standard coaching underframes and 841 standard goods wagons. The question of making increased use of the Indian Stores Department receives constant attention. During the year a large number

of articles, including certain technical stores such as standard bridge girders, locomotive boiler tubes and superheater flues, were added to the list of articles the purchase of which through the agency of the Indian Stores Department is obligatory on the Railway Department; the list was also revised and certain ambiguities removed, and further additions to it are under consideration. The value of materials purchased through the Indian Stores Department remained much the same, being Rs. 1,26·14 lakhs as compared with Rs. 1,27·98 lakhs in 1930-31. But for the necessity of rigid economy and a fall in market prices the figure would have been much higher; as it stands it represents a considerable increase in percentage of total purchases.

Accidents.

Of the more serious accidents that occurred on the railways during the year, numbering 11 as compared with 9 in the previous year, the following three were due to deliberate mischief. On the 6th April 1931 a passenger train was derailed between Lalru and Ghaggar on the Ambala-Kalka section of the North-Western Railway, a rail having been removed from the inside of a curve. One passenger and the engine crew sustained minor injuries, while the engine, 4 coaches and the track were damaged. On the 11th May 1931 the removal of fastenings from a rail resulted in the derailment of a passenger train between Dilpashar and Saratnagar on the Eastern Bengal Railway; nine passengers were slightly injured. On the 1st June 1931, the Mandalay mail was derailed between Penwegon and Tawgywe-in on the Rangoon Mandalay main line. This accident was due to a rail having been disconnected and displaced; ten passengers were injured, two seriously, and considerable damage was done to rolling stock.

Of the remaining eight accidents the most important were the following. On the 13th April 1931 a passenger train on the North-Western Railway collided with a motor bus at a level crossing near Sargodha; the bus was wrecked, one of the passengers being killed and ten injured. On the 7th July 1931 a passenger train was derailed on a curve between Kumarhatti and Barog on the North-Western Railway, the engine and three bogie coaches falling some 100 feet down the hill side; twenty-two persons were injured, five seriously, and considerable damage was done to rolling stock. On the 23rd August 1931 the engine of a goods train fell through a bridge on the Bombay, Baroda and Central India Railway, the

bridge having been damaged by heavy floods; six persons on the engine were killed and one seriously injured. On the 28th September 1931 a passenger train was derailed between Indi Road and Lachyan stations on the Madras and Southern Mahratta Railway; five persons were killed and 20 injured and considerable damage done to the permanent way and rolling stock. On the 17th December 1931 a passenger train was derailed between Kalyan and Igatpuri on the Great Indian Peninsula Railway, one passenger being killed and six injured.

Roads.

India's road system, its vastness and deficiencies, have been described in previous reports. The origin and functions of the Road Development Committee have also been explained at length but again require brief mention. A resolution passed by the Indian Legislature in 1930 provided that the increase from 4 to 6 annas per gallon in the import and excise duties on motor spirit effected in March 1929 should be maintained for a period of five years in the first instance, and that the proceeds of the additional duty should be allotted as a block grant for expenditure on road development and credited to a separate Road Development Account, the unexpended balances of which should not lapse at the end of the financial year. The resolution further provided that after 10 per cent of the grant had been retained by the Government of India as a reserve for administrative expenses, research, and special grants, the remainder should be apportioned among the provinces in the ratio which the petrol consumption in each province bore to the total consumption in India during the previous calendar year; and that the balance, representing the consumption of petrol in minor administrations and Indian States, should be allotted as a lump sum to the Government of India. A further provision was that a Standing Committee for Roads should be constituted every year to consider the annual budget of the Road Development Account and to advise the Government on all questions relating to roads, and road traffic, particularly on the action to be taken by the Government on the proceedings of the Road Conferences. The distribution of final shares from the Road Development Account due to the end of March 1932 has been made to provincial Governments for expenditure upon schemes approved by the Committee; this distribution was in respect of the revenue that accrued during a period of 37 months in all,

The Road Development Account.

beginning with the 1st March 1929 when the Road Development Account was instituted and ending with the 31st March 1932. Subsequent distributions will as usual be made twice each year so that when expenditure is speeded up by provincial Governments and minor Administrations responsible for initiating it, there may be no serious delay in providing funds to meet it.

The approved programmes of expenditure of many provincial Governments are such as to absorb their revenues for many years to come. During the year the expenditure on approved schemes increased but in certain provinces, notably Bombay, the Punjab, the Central Provinces and Assam, it was found necessary, owing to the general financial depression, to borrow certain amounts temporarily from the Road Development Account with which to maintain existing roads or complete works undertaken prior to the institution of the account. These loans were granted on the definite undertaking of the local Governments concerned that as soon as the financial position improves the amount will be restored for expenditure on approved programmes. But the immediate result of course has been to delay the programme for road development in these provinces.

The reserve with the Government of India at the close of the year 1931-32 was Rs. 33,29,056. This reserve is ear-marked for grants in aid for special works, research and experiment. Proposals for research and experiment have been considered and on the recommendation of the Road Conference and the committee of Chief Engineers of provinces which met in Simla in September 1931, grants to the extent of Rs. 82 lakhs have been offered to the various local Governments and Administrations. Proposals for special grants numbered 110 and involved a total cost of over Rs. 3 crores. A selection of these schemes made on their merits was laid before the Road Conference in September 1931, and with their advice and that of the Standing Committee on Roads a final selection has now been made. The number of schemes so selected is about 30 and their cost is in the neighbourhood of Rs. 40 lakhs. Of these, schemes estimated to cost Rs. 15,46,000 were definitely accepted during the year under report.

Road Conferences.

One of the recommendations of the Indian Road Development Committee was that co-ordination in road matters should be secured by periodic conferences of provincial representatives with the Stand-

ing Committee on Roads of the Indian Legislature and the Government of India. Such conferences were held in September 1929 and in April 1930 when a programme of works to be financed from provincial shares in the Road Development Account was discussed. The 1931 conference, however, covered a wider field and dealt with matters relating to road transport as well as road development. Falling under the former category are questions relating to the possibility of standardizing motor vehicle rules and regulations for the whole of India and of adopting a uniform basis of motor vehicle taxation throughout the country, including reciprocity between administrative units. It was the opinion of the conference that with certain exceptions in the case of large cities and other special localities, general uniformity in the rules appeared to be both desirable and possible, and model rules are being drawn up for consideration by local Governments. Taking all the factors in India into account, it seemed to the conference that variable taxation would be fairer than a fixed level, but no definite conclusions were reached on this question.

Certain questions relating to roads which engaged the attention of the conference were of a technical nature, such as the standardization of road warning signs, of bridge loading specifications, and of certain technical nomenclature used in road works; the adoption of a standard method of recording road traffic statistics on various types of roads in different parts of India; and the general standards to be prescribed for extra-municipal roads, including trunk roads, in respect of motor vehicle speeds, loads and tyres.

Posts and Telegraphs.

The Posts and Telegraphs Department supplies of course a vital means of communication. A few figures will serve to illustrate the size of this organization and the range of its activities. The total number of post offices at work in India during the official year 1930-31 was 24,175 as against 23,881 in the previous year. The growth of the Department is shown by a comparison with the year 1900 when the number of post offices was 12,397. During the year under review the number of articles handled by the Department, exclusive of money orders, was 1,300 millions, comprising 540 million letters, 541 million postcards, 84 million registered newspapers, 118 million packets, and 17 million parcels. In 1900 the total number of articles dealt with was 509 millions. Further, over 39 million money orders were issued

during 1930-31. Large though these figures are, they represent the despatch of only four articles per annum per head of the population. The percentage of safe delivery during the year was 99·92, an admirable record, more especially as failure to deliver the remainder was largely due to inadequate addressing and in some cases to the fact that the addresses did not exist at all. Moreover, of the total mileage of 169,558 over which these articles were conveyed an appreciable proportion lay through wild and desolate country in which the mails were exposed to many dangers from storms and floods, wild beasts and malefactors. The Department's gross receipts during the year amounted to Rs. 10·78 crores (as against Rs. 11·29 crores in the previous year and Rs. 3 crores in 1900) and the number of officials in its employment to 132,398 (as compared with 61,750 in 1900).

Several features of interest marked the year's work. An air parcel service between India and England was inaugurated, air mail postcards from India to Great Britain introduced and an air mail service with certain places in South Africa established. The England-India service of Imperial Airways Limited performed two trial flights between London and Port Darwin *viâ* Delhi, Calcutta, Rangoon and Singapore. Advantage of these flights was taken to despatch air mails from India to Australia. The Indian State Air Service between Delhi and Karachi ceased to function in December 1931, the service being taken over by the Delhi Flying Club. An exchange of money orders in sterling was established between India and the Hejaz, Nejd and dependencies. " Business reply cards and envelopes " were introduced for the benefit of commercial and trading concerns. These cards and envelopes are returned by customers to the issuing firms unpaid and the postage is collected in cash from the firm at the prepaid rate.

Telegraph and telephone services.

Other important and constantly growing activities of the Department are its telegraph, telephone and wireless services. The extension of the Department's telegraphic undertakings in recent years is indicated by the fact that while the total number of telegrams handled during the year—excluding wireless messages—was 18,115,379, in 1900 it was little more than one-third of this. As regards telephones, in 1930-31 the Department maintained 296 telephone exchanges with 21,975 connections; the corresponding figures in 1900 were 42 and 500. In addition to the Department's exchanges there are 24 exchanges run by licensed telephone companies,

mostly in the large towns. The Department's trunk-line facilities were substantially increased during the year by the opening of five additional trunk circuits, namely, the Muttra-Agra, Cochin-Alleppey, Delhi-Rohtak, Delhi-Bhatinda and Delhi-Hapur lines. The telephone revenue for the year, in welcome contrast to other activities of the Department, showed an increase, having risen from Rs. 54,39,142 in the present year to Rs. 56,33,339.

Interesting features of the year were the introduction, with promising results, of the " teleprinter " system of working between Calcutta and Patna and between Delhi and Agra; the experimental working of the carrier-current system between Calcutta and Bombay, enabling four high-speed telegraph channels and one telephone channel to be obtained on a single circuit of two wires which follows the direct route *viâ* Nagpur; and the introduction of special cheap-rate telegrams conveying greetings on certain festive or congratulatory occasions.

Wireless telegraphy.

Considerable progress was made during the year in the wireless branch. Improved results were obtained by employing short-wave transmission on the three routes connecting Madras with Rangoon, Port Blair and Colombo. A regular short-wave service between Calcutta and Bangkok was opened in collaboration with the Telegraph Administration of Siam, in consequences of which one of the land-line routes between Burma and Siam, which are expensive to maintain, was closed. Short-wave transmitters were also provided for certain other stations in India. The provision of wireless facilities for aviation purposes along the important route between Calcutta and Rangoon was completed by the construction of four new stations at Chittagong, Akyab, Sandoway and Bassein, and by additions to the existing stations at Calcutta and Mingaladon, near Rangoon. Direction-finding apparatus was installed in the stations at Akyab and Mingaladon, the latter installation being of the " Adcock " type which gives much more reliable results at night than were obtainable with earlier forms of apparatus. The " Adcock " apparatus was also installed at Karachi. The wireless station at Gaya and the direction-finding installations near Allahabad and New Delhi were closed at the end of 1931 as a measure of retrenchment.

In conjunction with the Meteorological Department and the Civil Aviation Office, arrangements were instituted for the prepara-

tion and transmission of weather reports and other important information at all wireless stations between Karachi and Victoria Point on the air route in India and Burma; while the arrangements for receiving weather reports by wireless from ships at sea, which are of the greatest importance to the Meteorological Department, were improved. Wireless communication with England was regularly maintained by the Indian Radio Telegraph Company which operates the "beam" wireless stations in India under license. Preparations were made for the provision of additional "beam" services, including a telephone service between India and England. The Government's broadcasting services at Bombay and Calcutta were maintained during the year; at the latter station satisfactory results were obtained by the addition of a small short-wave transmitter.

Financial position of the Department.

Unfortunately the financial position of the Department during 1930-31 as compared with the previous year showed further deterioration. The total gross receipts fell by Rs. ½ crore to Rs. 10·78 crores, whereas the working expenses remained much the same, Rs. 11·35 crores as compared with Rs. 11·26 crores. After paying interest on capital the Department suffered a loss of Rs. 1·33 crores, nearly double the loss of Rs. 71 lakhs sustained in 1929-30. The fall in revenue was of course due to that general depression of which mention has had so often to be made in these pages. Strenuous endeavours were made to reduce working expenses and practically all the recommendations of the Retrenchment Committee were accepted and given effect to during the year. Steps had also to be taken to increase revenue. Surcharges were imposed on inland telegrams, supplementary charges levied on telegraphic money orders, and postage rates (both inland and foreign) and registration fees raised.

Civil Aviation.

No description of communications would nowadays be complete without some reference to aviation. As was pointed out in our previous report the rapid progress of civil aviation in India has already effectively reduced her distance from Great Britain, has greatly augmented her strategic importance in the chain of Imperial communications, and has not only brought her in closer touch with the rest of the world but has provided a means of speeding up her internal communications. The year under review unfortunately was marked by the cessation of all development requiring the

Air mail services.

expenditure of Government funds. None the less some progress was made, particularly in actual flying operations. Between November and March Imperial Airways who maintained their weekly service throughout the year replaced their fleet of De Havilland " Hercules " machines by the new four-engined " Handley Page " 42 type. The large cubic space per passenger provided by this type of aircraft and the reduction of noise practically to the level of that in a first-class railway carriage have placed air travel from the passenger's point of view in a category comparable with sea and land travel. The introduction of the new machine combined with unusually severe weather conditions in the Mediterranean caused considerable delays in the service during December, but these were eliminated early in the new year. The total poundage of ordinary mails carried during the year 1931 was 45,632 to India and 40,474 from India as compared with 39,364 and 34,015 respectively for 1930. Passenger traffic also increased, the numbers carried during the last three quarters of 1931 being 80 on the eastward journey and 74 on the westward journey. One item of retrenchment was the abandonment of the project for a State air service between Karachi and Calcutta. The Karachi-Delhi service was taken over by the Delhi Flying Club from the beginning of 1932, following the expiry of the charter agreement for that route with Imperial Airways. The club carries mails only and is remunerated at a fixed rate per pound of mail carried, no subsidy being paid by the Government. A De Havilland Gipsy II Moth was however provided by Government for the carriage of mails. Negotiations proceeded during the year with Messrs. Tata and Sons with a view to the establishment of a service connecting Bombay and Madras with Karachi. An agreement was signed shortly after the close of the period under review and the new service began operations at the end of the monsoon of 1932; the service is remunerated on the basis of weight of mails carried and no Government subsidy is paid. Improved air mail facilities were also provided for north-west India during the year.

Private flying.

As regards private flying the Government subsidy was maintained at the previous rate, the six clubs at Karachi, Delhi, Bombay, Calcutta, Lahore and Madras each receiving Rs. 20,000 for the year 1931-32, and in addition a bonus calculated at the rate of Rs. 150 for each pilot trained to " A " licence standard subject to

a maximum of Rs. 5,000. In July 1931 the Delhi Flying Club extended its activities to and opened branches at Cawnpore and Lucknow. A new flying club was formed at Jodhpur through the initiative and with the assistance of His Highness the Maharajah who last year successfully completed the tests for an " A " licence pilot. Another Indian ruler showing active interest in flying is His Highness the Rajah of Junagadh in Bombay, who has bought a machine and engaged a pilot. The total membership of all flying clubs increased from 1,596 to 1,880 and the number of aircraft employed is now 20. The total number of pilots trained *ab initio* by the clubs was 113, an increase of 20 over the number trained in 1930. Of 123 pilots to whom " A " licences were issued during the year 48 were Indians. A further impetus has been given to civil aviation in India by the generosity of the Viceroy and Lady Willingdon in presenting a silver cup, to be known as the Viceroy's Challenge Trophy and competed for annually. The first race was held on the 20th February 1932 over a course of 709 miles starting and finishing at New Delhi and was won by Dr. Sproull of the Punjab Flying Club.

Of the 22 accidents during the year, 18 occurred in connection with club flying. The latter which included one fatal accident were mostly the result of pilots' errors due in the main to lack of experience but occasionally it must be recorded to a breach of aircraft rules, such as low flying. **Accidents.**

Following the decision to abandon the service between Karachi and Calcutta one of the machines designed for this route was allotted to the Viceroy for touring purposes in the hope that, in addition to the saving in time, the cost of His Excellency's tours might be reduced by dispensing with the special train normally used and the special police protection required for railway journeys. These anticipations have been confirmed. His Excellency's first official flight was the visit to Calcutta at the end of 1931 when the journey each way was performed by air.

Retrenchment in the civil aviation budget was considerable. The budget provision of Rs. 35 lakhs for the year 1931-32 was reduced during the year to Rs. 23 lakhs, while the provision for 1932-33 is just under Rs. 9 lakhs, a reduction of 75 per cent as compared with the previous year.

The Meteorological Department also suffered from the essential **Meteorology.**

need of retrenchment. After full consideration it was decided to abolish the Delhi Meteorological Office including the pilot balloon station and to reduce the Madras Observatory and the Rangoon Meteorological Office to the status of pilot balloon stations. Other economies were the abolition of 4 pilot balloon stations sanctioned in connection with civil and military aviation schemes, and the discontinuance of temperature mast work at Karachi, of broadcast weather messages from Karachi, and of two research scholarships sanctioned a year ago as an experimental measure. The normal activities of the Department were continued as efficiently as was practicable under the circumstances. Warnings of cyclones, storms, depressions, squally weather and heavy rainfall were issued as usual from Poona and Calcutta. The forecasting offices at Karachi, Delhi, Calcutta and Rangoon supplied weather reports and forecasts to aviators. As indicated in the previous year's report, the Meteorological Department also helps private aviation in this country by giving instructions in meteorology to candidates for pilot's licences and during the year under review several were trained and examined in the departmental centres at Delhi, Karachi, Bombay and Calcutta. Seismological and magnetic observations at Bombay, time services at Calcutta and Madras, weather reports at different centres, the compilation and tabulation of climatological data, the exploring of the upper air by means of routine pilot balloon ascents and periodical sounding balloon ascents, solar observations at Kodaikanal; all these activities continued, as in former years, though restricted by retrenchment. The scheme for the creation of a new branch of agricultural meteorology, to be financed by the Imperial Council of Agricultural Research, has been postponed until finances improve.

On the scientific side the Department made fair progress during the year. At Agra and Allahabad about 200 sounding balloon ascents were made, a number of instruments penetrating heights between 12 and 17 miles. A method of launching balloons at night with electrically illuminated tails was evolved and the experiments were successful up to the maximum height, about 4 miles, to which a balloon can be followed. For the use of aviators it is important to be able to determine the height of the base of low clouds, and experiments were made with different kinds of searchlights to determine these heights at night-time. A variety of

subjects were examined, such as the characteristics of the tropopause and the troposphere, thunderstorms in the peninsula during the pre-monsoon months, inversions in the upper air, the cold wave of 1929, the general circulation of upper air at high levels over India and the neighbouring seas, the nor'westers in Bengal and dust-storms at Agra. Assistance was given as in former years to the researches of Prof. K. C. Mehta on the transport of the spores of cereals rust by upper winds. At Bombay, comprehensive observations were undertaken on atmospheric electricity. At Calcutta attempts were made to develop certain new types of meteorological instruments for the indication of pressure, temperature and inversion layers in the upper atmosphere. The instruments are based on very simple physical principles and, if successful, are expected to be much cheaper than the existing standard instruments. At Poona, partly with the co-operation of research students, the investigations included the meteorological conditions on the Ghats before and during the monsoon, upper air conditions in normal and disturbed weather, solar and sky radiation, zodiacal light and the light of the moonlit night sky, statistics and their application to seasonal forecasting. Individual members of the Department published several articles, some in foreign journals.

CHAPTER V.

Commerce.

General review of trade conditions.

We propose in this chapter briefly to describe certain general features of the year's trade, then to give some details of the principal commodities exported and imported, and finally to refer to certain other matters of commercial interest.

The staple crops.

The monsoon of 1931 was on the whole well-distributed, but at a few places heavy rains resulted in floods and damaged the crops. Averaged over the plains of India the total rainfall during the monsoon period was 4 per cent above normal. The season was thus a good one from the agricultural standpoint. Except in Burma the rice crop was satisfactory and exceeded the previous year's crop by 2 per cent and the wheat crop was greater by 8 per cent than the average of the preceding five years. Sugarcane exceeded the yield of the previous year by 21 per cent. The cotton crop however was 22 per cent less than the previous year and was the lowest since the 1921-22 season, while the area under jute was deliberately restricted. Among the oilseed crops, linseed was much the same as in the previous year, while castor seed increased and sesamum and groundnut declined in yield.

Fall in prices.

A brief review of the general economic depression has been attempted in the chapter on finance. It is sufficient to observe here that the disastrous fall in prices which began in October 1929 continued unabated until September 1931. At the end of that month the suspension of the gold standard by England, India and some other countries arrested the fall in prices, as expressed in the currencies of those countries, and thereafter until the end of the period with which we are dealing prices showed some slight increase. The Calcutta wholesale price index number for September 1929 was 143; by September 1931 it had fallen to 91, a fall of over 36 per cent; it rose to 98 by December but by March declined slightly to 94. This increase however was merely a reflection of the depreciation in terms of gold of the currencies of those countries which abandoned the gold standard; gold prices as such continued on the downward trend.

General features of export trade.

A review of the year's trade shows that, as in the previous year, the prices of exported articles, which are mainly raw materials, fell much more than those of imported articles, which are chiefly manu-

factured goods. The index number of exported articles in September 1929 was 217; by March 1931 it had dropped to 132 and by September 1931 to 116, a fall of 46·5 per cent. The index number for imported articles in September 1929 was 167; by March 1931 it had fallen to 144 and by September 1931 to 139, a fall of 17 per cent. The Calcutta wholesale price index number reveals the same trend; by September 1931 the fall in the case of exported articles amounted to almost 47 per cent, whereas in the case of imported articles it was 20 per cent. The position is further illustrated by the prices of important commodities. By September 1931 the export prices of the principal agricultural products had declined as follows as compared with September 1929; oilseeds by 55 per cent, wheat and hides and skins by 53 per cent, tea by 51 per cent, raw cotton by 49 per cent, raw jute by 43 per cent and rice by 39 per cent. The fall in the case of imported manufactured goods during the same period was as follows; cotton manufactures 27 per cent, metals 19 per cent, sugar 18 per cent and other commodities 36 per cent. This disproportionate fall in the value of exports was again a vital feature of the year's trade, for India's whole economic life may be said to depend upon the prices obtainable for the exportable surplus of her staple crops. The total value of imports of private merchandise during the year was Rs. 126 crores, a fall of Rs. 38 crores as compared with the previous year and of Rs. 114 crores as compared with 1929-30. Exports of private merchandise however, totalling Rs. 161 crores, were less by Rs. 65 crores as compared with the previous year and by Rs. 157 crores as compared with 1929-30. The percentage fall in the total value of imports and exports over the two years from 1929-30 to 1931-32 was much the same, but the relative value of the export trade was maintained only by exporting comparatively larger quantities. But for the export of gold and silver, which totalled nearly Rs. 63 crores as compared with imports of only Rs. 7 crores, the balance of trade in favour of India would have dwindled to a very small figure indeed.

General features of import trade.

The fall in the value of exports no doubt accounts for much of the decline in the import trade; the same volume of exports could only buy a smaller quantity of imports. Broadly speaking, the Indian producer received Rs. 65 crores less for his exportable surplus than in the previous year, whereas his expenses remained much the same, especially in the case of the agriculturist, and the price of the imported manufactured articles which he required did not

fall to the same extent. Another factor, the political boycott, undoubtedly had some influence on the import trade. It is true that for the greater part of the year under review, from April until December 1931, the boycott was in abeyance; but the effects of the boycott of the previous year no doubt persisted in some degree, a non-political "Buy Indian" movement was on foot during the currency of the Irwin-Gandhi "pact", and an attempt to revive the political boycott was made when civil disobedience was resumed in January 1932. The actual effect of the boycott is however difficult to assess. There is no doubt that it was responsible for some reduction in imports, especially of cotton piecegoods. On the other hand basic economic causes were at work, and further the boycott was mainly directed against the United Kingdom and therefore affected imports from that country rather than the total volume of imports. This is illustrated by the percentage shares of the main importing countries. The United Kingdom's share in the year under review was 35·5 per cent as compared with 37·2 per cent in the previous year and 42·8 per cent in 1929-30. Imports from other countries, however, increased. Taking them in order of volume, Japan's share was 10·6 per cent as compared with 8·8 per cent in the previous year and 9·8 per cent in 1929-30; America's share was 10·1 per cent as compared with 9·2 per cent in 1930-31 and 7·2 per cent in the preceding year; Germany's share was 8·1 per cent as compared with 7·5 per cent and 6·6 per cent in the two preceding years. Foreign countries as a whole increased their share from 48·3 per cent in 1929-30 to 53·9 per cent in the following year and 55·2 per cent in the year under report. In other words the United Kingdom lost 1·7 per cent of her Indian import trade to foreign countries during the year under report and 7·3 per cent as compared with 1929-30. A part at least of this decline must be attributed to the political boycott.

There is also a third cause of the fall in imports. The policy of protecting Indian industries naturally results in reduced imports of certain classes of articles, the reduction being partly made good by increased internal production. This factor applied particularly to cotton piecegoods and sugar during the year under review.

Summary of the year's trade. Imports.

We propose to preface our detailed account of the trade movements of the year with a brief general survey. As we have seen the total value of the imports of merchandise into British India in

1931-32 was Rs. 126 crores and that of exports Rs. 161 crores. Compared with the previous year these figures represent a fall of Rs. 38 crores or 23 per cent in the case of imports and Rs. 65 crores or 29 per cent in the case of exports. The decline on the import side embraced almost all commodities. Textiles fell by Rs. 6 crores, a drop of 14·5 per cent as compared with the previous year and of 45 per cent as compared with 1929-30. Cotton piecegoods were chiefly affected, especially in the case of imports from the United Kingdom which showed a reduction of 140 million yards; concurrently with this decline in cotton piecegoods the imports of raw cotton increased. The next largest decrease, amounting to Rs. 6,14 lakhs, was under the metal group. Imports of iron and steel fell from 614,200 tons to 371,000 tons in quantity and from Rs. 10·9 crores to Rs. 6·3 crores in value; in spite of this heavy total reduction, however, the percentage share of the United Kingdom increased. Machinery and metal showed a total drop of Rs. 3,42 lakhs notwithstanding improvements in cotton and sugar machinery. The value of hardware imported fell from Rs. 3,60 lakhs to Rs. 2,61 lakhs. Imports of motor vehicles declined from Rs. 4,99 lakhs to Rs. 2,89 lakhs, motor-cars falling in number from 12,600 to 7,200 and omnibuses from 8,900 to 4,300. Imports of sugar fell from just over one million tons valued at Rs. 11 crores to a little over half a million tons valued at Rs. 6·2 crores, although curiously enough imports of beet sugar increased by about 50 per cent. Mineral oil imports totalled 217 million gallons valued at Rs. 9 crores as compared with 242 million gallons valued at Rs. 10·5 crores in the previous year, although petroleum increased from 8·8 to 12·7 million gallons. Imports of provisions declined by Rs. 1,47 lakhs and imports of wheat from 232,000 tons, valued at Rs. 2,15 lakhs, to 111,000 tons valued at Rs. 73 lakhs.

Exports.

With minor exceptions, all articles of the export trade also suffered from the general decline. The outstanding feature was the slump in the raw cotton trade. Exports of raw cotton fell from 3,926,000 bales to 2,369,000 bales in quantity and from Rs. 46 crores to Rs. 23 crores in value, the result partly of the depression in the world cotton industry and partly of the higher parity ruling for Indian cotton in the Indian market. The decline in cotton manufactures was comparatively small, totalling in value Rs. 40 lakhs. The downward movement in the jute export trade continued; the decline in value of exported jute, both raw and manu-

factured, amounted to Rs. 12 crores. Exports of food grains remained the same in quantity but declined in value from Rs. 30 crores to Rs. 20 crores. Shipments of tea fell by 14·7 million lbs. to 341·5 lbs. in quantity and by Rs. 4·1 crores to Rs. 19·4 crores in value. Oilseeds dropped by 5 per cent in quantity and 18 per cent in value. Linseed was mainly responsible for the decline; groundnuts and rape-seed showed some improvement. Exports of hides and skins fell from 63,000 tons valued at Rs. 11·7 crores to 49,400 tons valued at Rs. 8·9 crores.

Re-exports. The total value of re-exports was Rs. 4,66 lakhs, representing a decline of Rs. 48 lakhs in comparison with the previous year and of Rs. 2,47 lakhs in comparison with 1929-30. Cotton manufactures (chiefly piecegoods) fell from Rs. 54 lakhs to Rs. 44 lakhs. Raw skins—one of the chief items in the Indian re-export trade—improved in quantity from 211 to 365 tons but declined in value from Rs. 1,01 lakhs to Rs. 86 lakhs. The decline in the re-export trade particularly affected Bombay whose share of Rs. 2,84 lakhs represented a fall of Rs. 39 lakhs in comparison with the previous year.

Balance of trade. The visible balance of trade in merchandise and treasure during the year was in favour of India to the extent of Rs. 90 crores as compared with Rs. 38 crores in the preceding year, Rs. 53 crores in 1929-30 and the record figure of Rs. 109 crores in 1925-26. Transactions in treasure on private account resulted in a net export of treasure amounting to Rs. 56 crores as against a net import of Rs. 24 crores in 1930-31. Gold showed a net export of Rs. 58 crores and silver a net import of Rs. 2½ crores. Net exports of currency notes amounted to Rs. 26 lakhs.

Imports of cotton and cotton goods. To proceed now with details, the foremost item in the import trade is cotton and cotton goods. The total value of imports of cotton manufactures during the year was Rs. 19 crores as against Rs. 25 crores in the preceding year and Rs. 59 crores in 1929-30, a decline of 24 per cent and 68 per cent respectively as compared with each of the preceding years. There was little movement in cotton twist and yarn, the figures being 31·6 million lbs. valued at Rs. 2,99 lakhs as compared with 29·1 million lbs. valued at Rs. 3,08 lakhs in the preceding year; but as compared with 1929-30, when 43·9 million lbs. were imported at a declared value of Rs. 6,00 lakhs, the decline in value amounted to 50 per cent. This fall in the imports of yarn it may be noted was more than compensated by

larger home production; the total production of yarn during the year 1931-32—a record year—amounted to 966 million lbs. as compared with 867 million lbs. in the preceding year and 834 million lbs. in 1929-30. Imports of cotton piecegoods totalled 776 million yards valued at Rs. 14·7 crores, as compared with 890 million yards valued at Rs. 20 crores in 1930-31 and 1,919 million yards valued at Rs. 50 crores in 1929-30. The fall in yardage as compared with the previous year was therefore 13 per cent and, as compared with 1929-30, 60 per cent. It will thus be seen that the decline under this head persisted, although it was appreciably less than in the previous year when the effects of the abnormal conditions which caused it were first fully felt. The main cause of the decline was of course the general one that we have already noticed, namely, the lower purchasing power of the Indian consumer. The additional cause, the political boycott, applied particularly to cotton piecegoods, and although the extent of its influence is difficult to appraise, some indication is afforded by a comparison of the percentage of decline in the case of cotton piecegoods with that in the case of other imports. As compared with the year 1929-30, the last fairly normal year, the total decline in the value of imports of all commodities was 47·5 per cent. The main items in this decline were sugar 61 per cent, metals 59 per cent, vehicles 58 per cent, hardware 42 per cent, machinery 40 per cent, chemicals and drugs 13 per cent. The percentage of decline in the case of cotton manufactures however was as much as 68 per cent. There can be no doubt that the political boycott was responsible for at any rate a part of the difference of 20 per cent between the fall in cotton manufactures and that in imported articles as a whole.

The effects of the boycott are further illustrated by the decline in imports from the United Kingdom, against which the boycott was mainly directed, as compared with other countries. As we have seen, imports of cotton twist and yarn fell from 43·9 million lbs. in 1929-30 to 31·6 million lbs. in the year under review, a decline of 27·3 per cent. The fall in the poundage of imports from the United Kingdom was 40 per cent whereas from other countries including Japan it was only 17 per cent. The drop in yardage of cotton piecegoods as compared with 1929-30 was 60 per cent. This comprised a fall in grey goods of 73 per cent, in white goods of 41 per cent and in coloured goods of 54 per cent. As regards grey goods the fall in imports from the United Kingdom reached the

enormous proportion of 88 per cent; in the case of Japan it was 53 per cent. As regards white goods the decline in the case of the United Kingdom was 53 per cent, whereas imports from Japan rose from 14 million yards in 1929-30 to 60 million yards during the year under report. In the case of coloured goods imports from the United Kingdom fell by 61 per cent; Japanese imports on the other hand fell by 38 per cent but as compared with 1930-31 increased by 28 per cent. The significance of these figures is plain.

Imports were probably also affected to some extent by the increased duties on cotton piecegoods imposed by the budget of March 1931 and the emergency budget of September 1931. The March budget raised the duties from 15 per cent to 20 per cent in the case of cotton piecegoods of British manufacture and from 20 per cent to 25 per cent in the case of manufactures of other origin. These duties were further enhanced in September 1931 by a general surcharge of 25 per cent. The figures of increased yarn production given above show that the Indian mill industry was not slow to take advantage of this enhancement of protective duties.

Difficulties were also introduced in the cotton industry, both in England and India, by the phenomenal fall in prices of raw cotton up to September 1931 and the uncertainty which followed the suspension of the gold standard in that month. The price of American middling at Liverpool was about 6*d.* per lb. at the beginning of March 1931 and reached its lowest point in August at 3·60*d.* per lb. It rose to 5·95*d.* per lb. by about the middle of February but suffered a slight relapse in the closing month of the year. Prices in India followed prices in England, although they fell less in the case of a decline and rose more in the case of an increase.

Yet another factor making for reduced imports under cotton piecegoods is the partial replacement of coloured, printed and dyed goods by artificial silk. Large imports of artificial silk piecegoods from Japan at phenomenally low prices appear to be effecting a revolution in fashion. Imports of artificial silk goods during the year under review amounted to 85 million yards as compared with 51 million yards in the preceding year—an increase of 67 per cent—all the more noticeable because imports of other piecegoods declined considerably.

Imports of metals and manufactures.

The next main import group, metals and manufactures thereof, declined in quantity by 38 per cent, from 669,000 tons in 1930-31 to 418,000 tons in the year under report, and in value by 39 per cent

from Rs. 16 crores to Rs. 10 crores. Iron and steel accounted for Rs. 6·3 crores as compared with Rs. 11 crores in the previous year. The depression in the iron and steel industry was universal, the world production of pig iron and steel in 1931 being estimated at 56 million and 70 million tons respectively. These figures represent a fall of 29 per cent and 25 per cent respectively as compared with 1930 and are the lowest on record since 1922. India's imports of all classes of iron and steel during the year under report totalled 371,000 tons, a fall of 40 per cent as compared with the previous year and the lowest figure on record since the Great War. The United Kingdom maintained her share of the trade as compared with other countries, her exports to India under this head totalling 164,000 tons as compared with 269,000 tons in the previous year. Imports of pig iron fell from 3,100 tons to 400 tons, while imports of manufactured iron and steel dropped by 39 per cent in quantity and by 42 per cent in value. **Iron and Steel.**

Imports of metals other than iron and steel fell from 55,000 tons valued at Rs. 5,03 lakhs in 1930-31 to 47,000 tons valued at Rs. 3,44 lakhs in 1931-32. Aluminium imports totalled only 39,400 cwts. valued at Rs. 30 lakhs as compared with 128,300 cwts. valued at Rs. 1,01 lakhs in the previous year. Brass imports declined from 380,000 cwts. to 343,000 cwts. in quantity and from Rs. 1,63 lakhs to Rs. 1,26 lakhs in value. Under this item imports from the United Kingdom advanced from 42,000 cwts. to 72,000 cwts., while imports from Germany, which continued to be the principal source of supply, and Japan decreased. Imports of copper remained much the same as in the previous year in quantity but fell in total value from Rs. 1,04 lakhs to Rs. 85 lakhs. Imports of unwrought zinc, in great demand by the Indian galvanizing industry, advanced from 170,000 cwts. to 180,000 cwts., the United Kingdom increasing her contribution in common with other importing countries except America. Imports of wrought zinc declined, as also imports of lead and tin. **Other Metals.**

Imports of machinery and mill-work declined by 24 per cent from Rs. 15 crores in 1930-31 to Rs. 11·6 crores in 1931-32. This was largely the result of the fall in prices and the decline in the actual volume of imports was not very great; and two important branches of the trade, cotton and sugar machinery, showed a distinct advance. Under prime-movers there was a heavy fall from **Imports of machinery.**

Rs. 2,74 lakhs to Rs. 1,56 lakhs, owing chiefly to smaller importations of railway locomotive engines and industrial oil engines. Imports of electrical machinery fell from Rs. 2,39 lakhs to Rs. 2,16 lakhs and of textile machinery from Rs. 2,83 lakhs to Rs. 2,48 lakhs; the fall was considerable in the case of jute machinery, from Rs. 81 lakhs to Rs. 32 lakhs. Imports of cotton machinery rose from Rs. 1,78 lakhs to Rs. 1,93 lakhs, of which the United Kingdom's share was Rs. 1,67 lakhs. The increase in imports of sugar machinery, from Rs. 14 lakhs to Rs. 30 lakhs, was probably due to anticipations of the Government's protective policy. Other classes of machinery such as boilers, refrigerators, and machinery for metal working, rice and flour mills, oil crushing and refining, declined noticeably.

Imports of Motor Vehicles.

The general business depression was particularly reflected in the motor vehicle import trade. Only 7,220 cars valued at Rs. 1,48 lakhs were imported in 1931-32 as compared with 12,601 valued at Rs. 2,58 lakhs in 1930-31. The figures for 1931-32 are the lowest on record since the year 1922-23. The year under report falls into distinct periods. Up to September, when the gold standard was abandoned, the share of the United Kingdom in the trade declined steadily to an unprecedentedly low level; but thereafter it definitely improved. In the first half of the year only 17 per cent of the total number of cars imported came from the United Kingdom as against 71 per cent from the United States of America and Canada, but in the second half of the year the United Kingdom's proportion rose to 49 per cent while that of the other two countries mentioned fell to 34 per cent. Taking the year as a whole the proportion of British cars imported rose from 23 per cent in the previous year to 30 per cent, while in the case of America and Canada it fell from 66 per cent to 56 per cent. Imports of motor omnibuses, vans, lorries, etc., fell from 8,913 valued at Rs. 1,42 lakhs to 4,302 valued at Rs. 67 lakhs. Here also the effect of the suspension of the gold standard was reflected in a fall in the share of America and a rise in that of the United Kingdom.

Imports of Mineral Oils.

Imports of all kinds of mineral oils, the next important group, declined from 242 million gallons valued at Rs. 10·5 crores in 1930-31 to 217 million gallons valued at Rs. 9 crores in 1931-32. With the exception of petrol, all the important classes of mineral oil showed a decrease. Imports of kerosene oil fell by 13 per cent

in quantity and 19 per cent in value, and lubricating oils by 38 per cent in quantity and 27 per cent in value. Fuel oils fell slightly both in quantity and value. Imports of petrol rose from 9 million gallons valued at Rs. 73 lakhs to 13 million gallons valued at Rs. 1,05 lakhs.

Imports of Sugar.

The decline in the imports of sugar was greater than in the case of any other major commodity. The total imports excluding molasses amounted to only 516,000 tons valued at Rs. 6 crores as compared with 901,000 tons valued at Rs. 10·5 crores in the previous year. Although at the beginning of the year there was a better tone in the world sugar industry, stocks at the Indian ports were for most part of the year far in excess of the immediate needs of consuming centres and consequently prices ruled abnormally low. In September the suspension of the gold standard and the increase in the import duty combined to restrict the importation of sugar to the minimum, and in addition two other factors came into play. The protection afforded by the enhanced rate of duty gave a great impetus to local production; secondly, there were indications in some parts of the country that the consumers' demand was shifting from foreign sugar to *gur*. The production of raw *gur* during the year under review reached the unprecedented figure of 3,880,000 tons, a marked increase as compared with 3,218,000 tons in 1930-31 and 2,752,000 tons in 1929-30.

Imports of other commodities.

The general decline in the import trade is also illustrated by the figures relating to the following principal commodities, mentioned in order of value. Imports of instruments, apparatus and appliances fell from Rs. 4,77 lakhs to Rs. 3,69 lakhs; of provisions and oilmans' stores from Rs. 4,88 lakhs to Rs. 3,41 lakhs; of silk, both raw and manufactured articles, from Rs. 3,00 lakhs to Rs. 2,74 lakhs; of hardware from Rs. 3,60 lakhs to Rs. 2,61 lakhs; of chemicals from Rs. 2,61 lakhs to Rs. 2,57 lakhs; of paper and pasteboard from Rs. 2,87 lakhs to Rs. 2,50 lakhs; of liquors from Rs. 3,32 lakhs to Rs. 2,27 lakhs; of rubber, both raw and manufactured, from Rs. 2,58 lakhs to Rs. 2,22 lakhs; of spices from Rs. 2,55 lakhs to Rs. 2,08 lakhs; of drugs and medicines from Rs. 1,94 lakhs to Rs. 1,91 lakhs; of wool, both raw and manufactured articles, from Rs. 2,31 lakhs to Rs. 1,62 lakhs; of fruits and vegetables from Rs. 1,49 lakhs to Rs. 1,34 lakhs; of glass and glassware from Rs. 1,65 lakhs to Rs. 1,22 lakhs; of grain, pulse and flour from

Rs. 2,82 lakhs to Rs. 1,18 lakhs; of tobacco from Rs. 1,51 lakhs to Rs. 94 lakhs.

Exports of Jute.

As we have seen, the total value of exports fell from Rs. 220 crores to Rs. 156 crores. The principal item in the export trade is jute, raw and manufactured. The year under review was even worse for the jute trade than the previous year. The root causes remained the same, namely, a greatly reduced world demand and over-production in the industry itself, the latter factor dating back to the artificial stimulus provided by the Great War. During the year under review there was no improvement in the general world trade in raw materials and the demand for jute manufactures, used mostly as containers for raw materials, thus remained stagnant. The year's crop was much smaller; the actual total area under jute in 1931 was 1,862,000 acres as compared with 3,492,000 acres in 1930, the yield being estimated at 5·6 million bales as compared with 11·3 million bales in the previous year. It was expected that this short crop, combined with the restrictions on the output of manufactures imposed by the Indian Jute Mills Association, would improve the statistical position of the trade, but actually it seems to have created very little impression on the jute market. Heavy stocks remained outstanding from the previous year and, as we have seen, there was no improvement in demand. Prices consequently remained at a very low level throughout the year except for two months following the suspension of the gold standard.

The total weight of raw and manufactured jute exported during the year amounted to 1,250,000 tons, or 136,000 tons less than the preceding year, with a decline in total value from Rs. 45 crores to Rs. 33 crores. Raw jute accounted for 34 per cent of the value and jute manufactures 66 per cent, as compared with 29 per cent and 71 per cent, respectively, in the previous year. The total exports of raw jute fell from 3,470,000 bales valued at Rs. 13 crores to 3,285,000 bales valued at Rs. 11 crores, the United Kingdom replacing Germany as the largest customer. Exports of gunny bags fell in number from 434 millions to 389 millions and in value from Rs. $14\frac{2}{3}$ crores to Rs. 11 crores. Australia remained the best market for gunny-bags, although her share declined from 88 millions to 68 millions. Exports of gunny cloth fell from 1,271 million yards to 1,021 million yards and in value from Rs. 17 crores to Rs. $10\frac{1}{2}$ crores. America remained the chief customer, taking 692

million yards as compared with 854 million yards in the previous year. Exports to the United Kingdom increased from 40 million yards to 62 million yards.

Exports of Cotton and Cotton Manufactures.

Raw cotton, the next important export commodity, also had a bad year. The total exports were 2,369,000 bales valued at Rs. 23·5 crores, as compared with 3,926,000 bales valued at Rs. 46·3 crores in the previous year. These figures are the lowest on record since 1920-21. It was of course a disastrous year for the cotton trade in general, the level of prices touched in Liverpool being the lowest since 1894. Indian prices however did not fall to the same extent, owing to the extraordinarily strong statistical position of Indian cotton during the year. The crop of a little over 4 million bales was the lowest since 1921-22 and followed comparatively short crops in the two preceding years. The stock position was thus considerably eased and in addition the home demand for Indian cotton was appreciably higher; these two factors meant that a smaller quantity of raw cotton was available for export as compared with the previous year. The increase in parity also discouraged exports to some extent, as foreign consumers preferred as far as possible to purchase the cheaper American cotton. Thus imports of American cotton into Japan increased by more than 100 per cent, whereas imports from India into that country fell from 1,686,000 bales valued at Rs. 21 crores to 1,080,000 bales valued at Rs. 11 crores. Nevertheless Japan remained India's largest customer. Exports to China, the next important market, totalled Rs. 4,52 lakhs as compared with 7,41 lakhs in 1930-31, while the share of the United Kingdom fell from Rs. 3,00 lakhs to Rs. 1,54 lakhs.

Cotton Manufactures.

The production of yarn in Indian mills in 1931-32 amounted to 966 million lbs. and constituted a new record, beating the previous highest figure by 99 million lbs. The production of Indian piecegoods, which increased by 17 per cent, was also greater than ever before. Exports of piecegoods totalled 105 million yards, as compared with 98 million yards in the previous year, but the value of Rs. 3,24 lakhs represented a slight decline. The revival of the trade with Persia, which took 20 million yards as compared with 13 million yards in 1930-31, was a welcome feature of the year.

In spite of this increased production, however, the cotton mill industry had not a good year financially. Favourable features were

the increased protection afforded by the additional revenue duties imposed during the year, the comparative cheapness of raw cotton and the sentiment created against foreign goods by the nationalist movement. On the other hand Japanese competition was very keen and the astonishingly low prices to which Japanese products were cut proved exceptionally attractive in a period of depleted purchasing power, while political agitation tended to upset the markets. In spite of these uncertainties however the cotton mill industry probably fared better than other industries and certainly did not sink to the same plight as agriculture.

Exports of foodgrains.

Exports of foodgrains and flour during the year exactly equalled those of the preceding year in quantity but owing to lower prices fell considerably in total value; the figures were Rs. 20·4 crores as compared with Rs. 30 crores in 1930-31. Exports of rice increased slightly in quantity but exports of wheat fell very heavily from 197,000 tons to 20,000 tons. Shipments of pulse increased by 11,000 tons to 93,000 tons. Rice accounted for 91 per cent of the total quantity of foodgrains and flour exported as compared with 87 per cent in the preceding year, whereas the proportion of wheat and wheat flour exports was only 2·4 per cent as compared with 9·3 per cent. The exports of rice formed 7 per cent of the total estimated production throughout the country, and of the quantity exported 90 per cent came from Burma.

Rice.

Prices of rice during the year reached a disastrously low level, the declared value of exports being on the average 32 per cent less than the preceding year which was itself a period of low prices. This of course was mainly due to the general depression which affected the price of all agricultural commodities, but in the case of rice there were certain other peculiar features. Up to July there was an obvious excess of supply and an absence of any big demand. The exportable surplus from the 1930 Burma crop was a record one and coincided with bumper rice crops in Siam, Indo-China and Japan; and these large visible supplies considerably depressed the prices of Burma rice. From July however there was a noticeable upward tendency in the general level of prices, due to the reduction of the exportable surplus in Burma and expectations of lower crops in the big producing countries as a result of unfavourable weather conditions. By December these anticipations had been more or less confirmed and from then until the end of the year

another factor came into operation, namely, a rise in wheat prices; this tended to increase the demand for rice.

Wheat.

The condition of the wheat trade also showed some improvement from September. Early in the year the effects of the stagnation of the previous year persisted, and there were large accumulations of surplus stock in the producing countries. From September however it began to be reported that the world production of wheat in 1931 would be much smaller than in the preceding year. Moreover, the probable demands of importing countries were expected to be larger, in Europe because of a poor rye crop and in China because of the precarious food situation; and supplies from Russia, which early in the year had been a heavy seller at low prices, began to dry up. These factors, together with the suspension of the gold standard, produced some increase in prices from October until the end of the year, although there was a tendency to decline in March.

As we have seen exports of wheat fell heavily during the year, totalling only 20,000 tons valued at Rs. 15 lakhs as compared with 197,000 tons valued at Rs. 1,95 lakhs in the preceding year. Wheat exports however are a fluctuating item. In the year 1929-30 shipments were even less than during the year under review and totalled only 13,000 tons as compared with 115,000 tons in 1928-29. The decline during the year under review was probably a consequence of the smaller crop, which meant a smaller surplus available for export, and possibly also of increased consumption in India; the imports of wheat into India also fell, from 232,000 tons to 111,000 tons, owing to the imposition of an import duty on wheat in March 1931.

Exports of other foodgrains increased considerably, being 180,000 tons valued at Rs. 1,50 lakhs as compared with 91,000 tons valued at Rs. 1,17 lakhs in 1930-31.

Exports of tea.

Exports of tea during the year totalled 342 million lbs. in quantity and Rs. 19½ crores in value, representing a fall of 4 per cent and 17 per cent respectively as compared with the previous year. Exports to the United Kingdom amounted to 291 million lbs. valued at Rs. 17 crores and represented 85 per cent of India's total exports of this commodity. Re-exports of Indian tea from the United Kingdom totalled 50 million lbs.

The tea trade had another unfortunate year and prices remained abnormally low, due probably to general over-production especially

of low-grade tea, grown chiefly in Java and Sumatra. The outlook in India was a little brighter at the opening of the year, stocks being low, but the 1931 crop proved to be a good one although poor in quality.

Exports of Oilseeds.

The total exports of oilseeds declined from 1,037,000 tons valued at Rs. 18 crores in 1930-31 to 988,000 tons valued at Rs. 14·6 crores in the year under report, a fall of 5 per cent in quantity and of 18 per cent in value. World supplies were abundant and generally in excess of requirements and the resulting competition was keen. In the case of linseed the decline was marked, being more than 50 per cent in quantity and 70 per cent in value, but exports of groundnuts, rape-seed and castor seed all increased.

The Indian linseed crop of 1930-31 was somewhat smaller than in the preceding year but Argentina, the chief linseed-growing country, produced a very big crop, actually 41 per cent higher than the preceding year. Increased production was also reported from the United States of America and Canada. The result was a fall in the demand for Indian linseed in foreign markets and most European countries reduced their takings. The actual quantity exported was 120,000 tons valued at Rs. 1,53 lakhs as compared with 257,000 tons valued at Rs. 5,41 lakhs in the previous year.

The groundnut crop in India in 1930-31 was one of the heaviest on record and exceeded 3 million tons, being 18 per cent higher than the previous season's crop. Exports of this commodity amounted to 672,000 tons as compared with 601,000 tons in the previous year. As usual France was the largest customer and increased her takings from 172,000 tons to 223,000 tons.

Exports of rape-seed amounted to 54,000 tons during the year as compared with 33,000 tons in the previous year; and exports of castor seed advanced from 91,000 tons in 1930-31 to 104,000 tons in 1931-32.

Exports of other commodities.

The export trade in hides and skins again suffered from a falling demand and was even smaller than in the preceding year, the total value dropping from Rs. 11·7 crores to Rs. 9 crores. Raw wool showed an improvement, the total exports rising from 30 million lbs. valued at Rs. 2,51 lakhs to 41 million lbs. valued at Rs. 2,77 lakhs. Of this the United Kingdom took 85 per cent. In addition to Indian wool a fairly large quantity of Tibetan and Central Asian wool imported across the frontier is re-exported from India. Lac

exports fell from Rs. 3,14 lakhs to Rs. 1,84 lakhs, a decrease of 41 per cent in value as compared with a fall of 15 per cent in quantity. This shrinkage in demand was the result of curtailed manufacturing operations and competition from synthetic materials. Exports of oils amounted in value to Rs. 57 lakhs as compared with Rs. 47 lakhs in the previous year; as usual the trade was practically confined to vegetable oils. The total exports of ores, consisting largely of manganese ore, fell heavily from 528,000 tons valued at Rs. 2,42 lakhs in 1930-31 to 235,000 tons valued at Rs. 1,47 lakhs in 1931-32; the reduction in the output of world metallurgical industries seriously affected the demand for manganese. In most other commodities there was a diminution in the value of the export trade, particularly noticeable in the case of coffee, which fell from Rs. 1,92 lakhs to Rs. 95 lakhs, and rubber, which declined from Rs. 1,30 lakhs to Rs. 45 lakhs.

Direction of trade.

We may conclude this description of the year's commerce with a brief discussion of what is known as the direction of trade—that is, the relative movements of the share of Indian trade enjoyed by various countries. The outstanding feature in this respect is the continuous decline of the United Kingdom's share in the import trade. During the year under report it again fell, amounting to 35·5 per cent of the total imports as compared with 37·2 per cent in the preceding year; in 1913-14 it was 64·1 per cent. Exports to the United Kingdom on the other hand have tended to increase, though the movement has not been so steady or continuous as in the case of imports. The United Kingdom's share of the total export trade from India during the year under review was 28·2 per cent as compared with 23·8 per cent in the previous year and 21·8 per cent in 1929-30; in 1913-14 it was 23·4 per cent. Thus the balance of trade with the United Kingdom has moved in favour of India. The excess of imports from over exports to the United Kingdom in the year 1929-30 was Rs. 34 crores; in 1930-31 it fell to Rs. 7 crores and in the year under review was completely wiped out, exports and imports exactly balancing each other. Taking the British Empire as a whole, her share of the Indian imports trade fell from 46·1 per cent in 1930-31 to 45·2 per cent during the year under review, whereas her share of exports increased from 39·5 per cent to 44·5 per cent.

The total share of foreign countries in the Indian import trade increased correspondingly and during the year was 54·8 per cent as

compared with 53·9 per cent in the previous year and 44·4 per cent in 1929-30. Their share in the export trade on the other hand has dwindled from 64·2 per cent in 1929-30 to 60·6 per cent in the following year and 55·3 per cent in the year under report. Thus the United States of America increased her share of India's import trade from 9·2 per cent in 1930-31 to 10·2 per cent in the year under report, and Japan effected an advance from 8·8 per cent to 10·6 per cent; whereas both countries reduced their participation in the export trade from 9·4 and 10·6 to 8·9 and 8·7 per cent respectively. Germany, the largest importer to India among Continental countries, increased her proportion from 7·5 per cent in 1930-31 to 8·1 per cent in the year under report.

To illustrate these tendencies by figures of the principal commodities, the United Kingdom's share of imports of cotton manufactures during the year was only 51·6 per cent as compared with 58 per cent in the previous year and 90·1 per cent in the year 1913-14. Japan's share during the year under report was 35·5 per cent as compared with 30·3 per cent in the previous year. Under the machinery group the United Kingdom's proportion fell from 74·7 per cent to 70·8 per cent; Germany's share on the other hand increased from 8·2 per cent to 10·3 per cent. British imports of iron and steel however recovered slightly from 52·3 to 53·8 per cent, and under motor vehicles her proportion advanced from 23·7 per cent to 31·1 per cent. On the export side the outstanding feature was the increased takings of the United Kingdom in raw jute and hides and skins, her proportion of the former rising from 17·3 per cent to 27·8 per cent and that of the latter from 52·5 to 59·9 per cent. On the other hand Germany's share of raw jute exports fell from 27·2 to 21·7 per cent and that of France from 14·3 to 8·8 per cent, while exports of hides and skins to America dropped from 23 per cent to 20·5 per cent. The United Kingdom also slightly increased her proportionate takings of tea and jute manufactures but reduced her share of oilseed exports.

Other Commercial matters.

Having thus described the chief features of India's overseas trade during the year, we propose now briefly to refer to other matters of commercial interest. These consist in the main of investigations and recommendations by the Tariff Board, which came into existence in 1923 in pursuance of a proposal of the Indian Fiscal Commission that industries in India should, if on enquiry they were

Activities of the Tariff Board.

found to satisfy certain conditions, be given protection against external competition.

The question of affording protection to the heavy chemical industry was referred to the Tariff Board in 1928. After a close and thorough examination of the whole position the Board submitted two reports, one dealing with the magnesium chloride industry and the other with the group of chemicals the basis of which is sulphuric acid. In regard to the latter the Government of India accepted the rates of protective duty proposed by the Board. The new duties were imposed by an act passed during the year but were limited in duration to the 31st March 1933, pending further consideration of the possibilities of reorganizing the industry on a more economic basis and expert investigation of the Board's proposal that the manufacture of superphosphate fertilizers should be encouraged by means of State bounties. As regards the magnesium chloride industry the Government accepted the finding of the Board that this industry substantially satisfied the conditions of protection laid down by the Fiscal Commission and that it was in the interest of the consumer as well as of the manufacturer that the industry should receive a reasonable measure of protection. Accordingly, as recommended by the Board, provision was made in the act referred to above for a protective duty of 7 annas per cwt. on magnesium chloride for a period of seven years ending the 31st March 1939.

Imposition of duties on chemicals.

Magnesium chloride.

The report of the Tariff Board on the question of granting protection to the sugar industry was received early in 1931. During the year under review the Government accepted the Board's general finding that the case for protection rests on the importance of cane cultivation in the agricultural economy of India, and that in order to maintain and if possible increase the area under cane a stimulus must be provided for the manufacture of refined sugar. The bill which implemented this decision provided that a protective duty at the rate of Rs. 7-4 per cwt. should be imposed on all classes of sugar until the 31st March 1938, and that before the end of that period a further enquiry should be made into the question of continuing protection to the industry. In select committee however a declaration was embodied in the preamble to the bill that it was expedient to provide for the protection of the sugar industry up to 1946 and a new clause was inserted providing for a statutory enquiry to ascertain not whether it was necessary to continue protection but

Imposition of duty on sugar.

to determine the degree of protection required from 1938 to 1946. The select committee also added a clause empowering the Governor-General in Council to increase the duty on sugar, after such enquiry as he might think fit, to off-set any fall in price. The bill as amended by the select committee was passed into law in 1932.

Imposition of duties on paper and pulp.

Another question examined during the year was that of continuing protection to the bamboo paper industry, the protective act of 1925 being due to expire on the 31st March 1932. The Board found that considerable progress had been made in developing the industry, that ample supplies of raw material were available and at lower prices than in 1925, and that the cost of production in Indian mills had been materially reduced during the period of protection. The Board held however that the continuance of the protective duty was necessary and that the protection given should apply equally to all methods of pulp and paper manufacture, whether the raw material used is bamboo or grass, and recommended the imposition of a new duty on imported wood pulp in order to supply a definite stimulus to the manufacture and use of bamboo pulp. The Government of India accepted these conclusions and a fresh act was passed continuing protection for a further period of 7 years and imposing a protective duty of Rs. 45 per ton on imported wood pulp.

Imposition of duty on wire and wire nails.

Early in the year an application from Messrs. The Indian Steel Wire Products, Tatanagar, for the restoration of protection to the wire and wire nails industry was referred to the Tariff Board for enquiry. In accepting the Board's recommendation the Government of India agreed that until the industry can obtain its principal raw material in India the claim to protection cannot be substantiated. They considered however that as there was a reasonable prospect that the firm now manufacturing wire and wire nails in India would before long be in a position to supply itself with indigenous raw material, the grant of tariff assistance for a limited period to afford the industry a further opportunity of removing the disability under which it labours would be in the national interest. Accordingly a bill was introduced and passed in 1932 imposing a protective duty of Rs. 45 per ton on wire and wire nails up to the 31st March 1934.

An application from the Indian Cable Company, Limited, for protection for the manufacture of electric wires and cables was re-

ferred to Board in May 1931. The Board found that this was not an industry which satisfied the conditions laid down by the Indian Fiscal Commission and therefore made no recommendation for the grant of protection. The Government of India accepted this finding.

Imposition of duty on wheat.

In March 1931 an act was passed imposing, for one year in the first instance, a duty of Rs. 2 per cwt. on wheat and wheat flour imported into India. This step was taken because, while Indian wheat could find little outlet in foreign markets owing to the low level of world prices, it was being excluded from a considerable part of the home market by foreign wheat imported at very low prices during a period of severe agricultural distress. During the year under report an act was passed extending the operation of this duty up to the 31st March 1933.

Imposition of duties on galvanised iron, etc.

As mentioned in last year's report the protective duties on galvanised iron and steel pipes and sheets were increased with the concurrence of the Legislature following an investigation by the Tariff Board. At the same time the Legislature recommended that the question whether a system of bounties might not be substituted wholly or in part for the increased duties should be considered. The question was examined during the year under review and it was found that although administratively a bounty scheme was feasible, the revenue position of the Government of India did not permit the payment of bounties. The increased duties were accordingly extended for a further period of one year up to the 31st March 1933.

During the year under report representations were received from various glass manufacturers asking for protection for the glass industry. These representations were referred to the Tariff Board for investigation.

Conference on deck passenger and pilgrim traffic.

In May and June 1931 a conference of the Governments of eastern countries interested in deck passenger and pilgrim traffic was held at Simla. The conference arose out of the International Convention for the Safety of Life at Sea, 1929, and was attended by delegates from India, Ceylon, Hong Kong, the Netherlands, the Netherlands East Indies and the Straits Settlements. Representatives of the French Government and the League of Nations were also present in the capacity of observers. The conference formulated a set of general rules (known as the Simla Rules, 1931), relating to construction and life-saving appliances applicable to ships

employed in the transport of large numbers of unberthed passengers in special trades, such as the deck passenger trade and the pilgrim trade.

Establishment of Indian Sailors Home at Bombay.

Mention was made in last year's report of the scheme for the establishment of a home for the use of Indian seaman at Bombay. The building was completed towards the end of 1931 and was formally opened by the Governor of Bombay on the 16th December. Owing to financial stringency the Government of India's contribution towards the maintenance of the home has been reduced from Rs. 10,000 to Rs. 8,200 per annum. The need for economy also hindered the scheme for the appointment of Indian Trade Commissioners overseas and no further appointment has been made.

Indian representation of international Commercial exhibitions.

During the year under review India again participated in a number of fairs and exhibitions in the United Kingdom and the Continent. The more important of these, in addition to the annual British Industries Fair, were the Leipzig International Industries Spring Fair, the annual International Samples Fair, Milan, the International Grocers' Exhibition, London, the Imperial Wool Industries Fair, Bradford, and the Ideal Home and Food Exhibition, Edinburgh. At the Bradford Fair and the Edinburgh Exhibition respectively Indian stalls were awarded a diploma and a gold medal for the excellence of their display. The policy adopted during previous years of having two stalls at the British Industries Fair, one forming part of the Empire Marketing Board stand and the other a separate stand organized by the High Commissioner, was continued.

CHAPTER VI.

Finance.

This chapter will necessarily be long but we make no excuse for that. The year 1931-32 was one of financial crisis, necessitating the phenomenon of two budgets; and the difficulties of the Government and the measures taken to meet them, alike extraordinary, must be given full exposition if they are to be properly appreciated. We propose to begin the chapter with a general account of the financial situation, proceeding from an appreciation of world factors to a more particular account of certain features of Indian finance: and then to quote in some detail from what in effect were the two budget speeches of Sir George Schuster, the Finance Member.

General features. International situation.

The year 1931-32 was even worse from the financial and economic point of view than 1930-31. Whatever may be the ultimate explanation of the economic troubles from which the world is suffering there can be no doubt as to the immediate cause, and that is the catastrophic fall in the price of commodities expressed in terms of gold. Though during the last four months of 1930-31 wholesale commodity prices remained practically unchanged after a fall of approximately 40 per cent in two years, of which 25 per cent had occurred in the previous twelve months, and there were faint indications that the fall might be arrested, a fresh aspect of the problem presented itself which the financial machinery of the world again proved unable to solve. The fall in commodity prices had increased the real burden of indebtedness by more than 50 per cent in less than two years. Such an increase would be beyond the capacity of most debtors to pay even in normal times, but there were two classes of indebted governments on whom it fell with special severity owing to the exceptional circumstances of the time. The first class consisted of those whose income was derived from the production and export of primary commodities and who had to face a heavy fall in their exports on account of the general demoralization of business, the second of those on whom as a result of the war the burden of debt had been assessed not so much on what they owed as on their estimated capacity to pay. The heavy fall in prices obviously upset the calculations on which these assessments were framed. Difficulty in this regard had long been threatening and first became definite with the collapse of the Credit Anstalt in

Austria in May, revealing the desperate plight of Austria and Germany. On the 20th June President Hoover announced one year's moratorium for all inter-government debts and a rediscount credit facility of 100 million dollars was granted to the Reichbank of Germany by the Bank of International Settlements and the central banking institutions of the United States of America, England and France. The shock to credit however was too great to be overcome by such belated and temporary measures; the flight of capital to those centres where it was considered likely to be safest and the hoarding of currency increased. Such credit facilities as were granted did not serve to reinvigorate trade but merely enabled creditors to realize a portion of their assets.

The Bank of England, as a result of its liberal credits abroad, now found itself in serious difficulty. It raised its rates by rapid stages from 2½ to 4½ per cent in the latter half of July, and a credit of £50 millions was taken by the British Government from France and the United States of America. In the first week of September a further credit of £80 millions was taken and an emergency budget was introduced with drastic taxation and retrenchment. All these measures however proved unavailing, and on the 21st September the Bank of England was forced to abandon the gold standard, the bank rate was raised from 4½ to 6 per cent, and a system of exchange control was instituted by the Treasury. The abandonment of the gold standard by England was followed by similar action in the Scandinavian countries of Denmark, Norway and Sweden, by Egypt and by practically the whole of the British Empire with the exception of South Africa and Canada, the latter maintaining an intermediate position between gold and sterling.

Though the departure from the gold standard brought relief to those countries which abandoned it, the fall of commodity prices in relation to gold continued unabated and was probably somewhere between 15 and 20 per cent between September and the end of December. This fall was completely neutralised in the case of countries which adhered to sterling by the decline in the cross rate which weakened to 3·24 dollars on the 1st December, the lowest point reached, and finally closed round 3·40 at the end of the month. But it created serious embarrassments for the Governments of the United States of America and France, and a reaction in favour of the pound sterling enabled the Bank of England to effect three reductions in the bank rate in rapid succes-

sion to 5 per cent on the 18th February, 4 per cent on the 10th March and 3½ per cent a week later. The cross rate rose to 3·77 by the end of the financial year. It might have risen further but for a warning by the Chancellor of the Exchequer that an artificial and speculative appreciation of sterling would not be tolerated and that measures to prevent such speculation would be taken by the British Government. So far, the year had been singularly free from financial collapses, largely owing to the desire of the banks and creditors to leave their frozen credits untouched and so avoid precipitating a crisis, but at the end of March the Kreuger group collapsed with wide and disastrous repercussions, dispelling the hopes which were beginning to be formed in January and February that an improvement might at last be in sight. In the Far East conditions were as unsettled as elsewhere. Japan attempted to adhere to gold but was forced to abandon it in December, the yen exchange immediately falling to its previous parity with sterling where roughly it remained up to the end of the year. The dissension between China and Japan was a further weakening factor.

Indian situation.

This brief sketch of the international position gives a general indication of the position in India also, where the situation was less affected by politics owing to the general improvement in the political outlook and the weakening of civil disobedience. Indian produce shared in the fall in world commodity prices and this was reflected in the decline in the balance of trade. In October however the stimulus to exports provided by the fall in the gold value of the rupee began to take effect. Fortunately the monsoon was good, though a little late, and the resulting cheapness of foodstuffs materially mitigated the position of the poorer classes. But the collapse of trade and prices very seriously embarrassed government finances, both central and provincial, and grave deterioration in the budgetary position necessitated a supplementary budget in September which by means of economy and additional taxation promised a deficit of Rs. 10·17 crores at the end of 1931-32 but a surplus of Rs. 5·23 crores at the end of the following year. The abandonment of the gold standard by the British Government on the 21st September brought substantial relief to the Indian position, particularly as the rise in the price of gold made India on balance a large exporter of gold and, more important from the point of view of trade, stemmed the headlong fall in commodity prices.

One result was that the Government of India were able to purchase large amounts of remittance which not only improved their credit abroad by enabling them to pay off the £15 millions debt maturing in January, but also enabled them to reduce their floating debt in India by the creation of the fresh currency required to pay for the gold.

The situation had thus materially improved and the Finance Member in presenting the regular budget at the beginning of March was able to paint a more cheerful picture, though, owing to the deterioration in receipts, particularly in customs he now estimated that the position would be about Rs. 3 crores worse in each of the two years covered by the supplementary budget than had been anticipated. He was however able to point to the improved credit position of the Government of India, both in the London market and locally, as a definite advance the results of which would be more fully realized when the temporary causes of the present depression had passed away.

The export of gold.

The net exports of gold during the year were valued at Rs. 58 crores, the highest figure on record. The reasons were twofold. In the first place, gold was already returning to the mint at the Government of India's purchase price on account of the falling off in local consumption. At the end of 1931, 972,216 tolas of gold worth Rs. 1,90 lakhs had been received in the mints. This movement continued to grow in strength throughout the summer, a total value of Rs. 7·3 crores being received. When the gold standard was abandoned in September the immediate appreciation in the price of gold not only stimulated the movement for the return of gold but induced many who had stored the metal to take advantage of the high price to sell. The movement reached its maximum in December when the price of gold was highest. In that month nearly Rs. 17½ crores were exported. In the following months the improvement in the cross rate led to a rapid lowering of the gold price which made such exports less attractive and the movement was dwindling towards the close of the year under report.

Increase in the price of silver.

As regards silver the main fluctuations in price expressed in rupees and in sterling were due to changes in the value of these currencies in gold; the dollar fluctuations were slight in comparison with previous years and the closing dollar price in March 1932 was practically the same as the opening price in April 1931.

Apart therefore from arbitrage operations the market was comparatively dull throughout the year and real activity only began when the gold standard was abandoned in September. The rupee price then rose rapidly by Rs. 11 to Rs. 54 owing to a rush by bears to cover their position. The rise was heightened by the estrangement between China and Japan. In addition, the price in Bombay was increased by the enhancement of the duty on silver which was raised by Rs. 3-8-3 per 100 tolas from the 30th September. The highest price of the year was reached in the second week of November when it touched Rs. 66-8 per 100 tolas ready for bars tenderable in the Settlement. The London price also reached its maximum at $21\frac{9}{16}d.$, per ounce standard. This rise was partly due to the hopes of speculators that following the abandonment of the gold standard by Great Britain international steps might be taken to rehabilitate silver as a currency metal as a support to gold. It soon became apparent that the chances of such action were remote, and there was heavy unloading by bull speculators which led to a sudden drop in the London price by $3\frac{9}{16}d.$, per ounce standard on the 16th November, the Bombay price falling roughly by Rs. 7 to Rs. 58-12 per 100 tolas. The market remained uncertain for the next few weeks but the fluctuations gradually narrowed and nothing of interest occurred during the remainder of the year except for a small flutter in Bombay on an unfounded rumour that the Government were contemplating a reduction in the duty.

The exchange rate and remittances to London.

Turning now to the questions of exchange and remittances to the Secretary of State, the total amount of sterling purchased during the year amounted to £40 millions at an average rate of 1*s.* 6·123*d.* Exchange opened dull in April after a short-lived rise in March. Trade was very slack and it was only the increased feeling of confidence in the Government which enabled it to retain control of the money market by large offers of treasury bills at high rates. Although however sales of sterling by Government temporarily ceased, the market had no surplus available for purchases and large transfers had still to be made from currency reserves to meet the requirements of the Secretary of State. May was a bad month internationally and exchange sagged steadily to the lower gold point. The position was worsened by the comparative failure of the sterling flotation at the end of the month, and at the beginning of June the Government had again to sell sterling to maintain the rate at the lower gold point. On the 27th June the Prime Minister

announced in the House of Commons that the British Government would lend their assistance to the Indian Government if necessary to support their credit and currency during the period of uncertainty created by the discussions as to the future constitution of the country. This gave a temporary respite, but as the embarrassments of the British Government themselves in maintaining the gold value of the pound sterling became increasingly apparent there was a renewed flight from the rupee. Investment in Indian treasury bills on foreign account ceased and there was a tendency to repatriate the funds already invested. The Government of India had to sell nearly £11 millions to maintain the rupee at the lower exchange point between the beginning of August and the 19th September.

The September crisis.

When on the 21st September the British Government announced their decision to abandon the gold standard temporarily, the Governor-General in order to prevent panic and to avoid depletion of the sterling reserves promulgated Ordinance No. VI of 1931 relieving Government from their obligation under the Currency Act to sell gold or sterling and the three days, 22nd—24th September, were declared public holidays under the Negotiable Instruments Act. The decision to link the rupee to sterling at 1*s*. 6*d*. was announced on the 24th September and Ordinance No. VII of 1931 was issued cancelling the ordinance issued three days before. When the banks re-opened on the 25th September it was obvious that confidence had been largely restored. Sales of sterling on the 25th and 26th September amounted to £375,000 only and then ceased. Within three weeks the rapid fall in the cross rate between sterling and the dollar had raised the rupee and sterling price of gold to a level at which it was to the advantage of the Indian holder to sell. By the end of October the sterling quotation reached 1*s*. $6\frac{1}{32}$*d*. and tenders for £500,000 were invited and allotted at 1*s*. $6\frac{3}{32}$*d*. The weekly offer was raised by successive stages to £1 million. A slight temporary setback occurred in the latter half of November, but there was no week in which the Government were not able to obtain the full amount offered for tender and effect purchases of intermediates at $\frac{1}{32}$*d*. above the tender rate. This strength continued unabated until the end of the financial year. The Currency Ordinance was cancelled on the 30th January 1932 but this had no adverse effect on exchange and up to the end of March the rate never fell below 1*s*. $6\frac{3}{32}$*d*.

Money conditions in India.

As regards money conditions in India the year opened with the bank rate at 7 per cent, at which level it remained until the 28th May when it was reduced to 6 per cent. Owing to the fall in commodity prices and the slackness in trade, the demand for money in the first half of the year was negligible and the only support to the market was afforded by the continuous issue of treasury bills by Government at rates which were sufficient to keep the bank rate effective. In addition, large contractions of the currency were made to prevent the cash balance of the Imperial Bank rising too high. In spite of these measures the worsening of the international situation compelled the Bank to take the exceptional step of raising its rate to 7 per cent on the 6th August, coinciding with a similar rise in the Bank of England rate. When the gold standard was abandoned the bank rate was raised to 8 per cent simultaneously with the rise in the Bank of England rate from 4½ per cent to 6. When the banks re-opened on the 25th September the rate for call funds was quoted at 7 per cent and there was a large outflow of currency which reduced the Imperial Bank's cash to roughly Rs. 6½ crores and necessitated their borrowing Rs. 2½ crores against internal bills of exchange. The withdrawal of funds however was short-lived and the Bank was able to repay this loan in the following month. The increase in trade demand consequent on the reduction of the gold value of the rupee combined with the large amount of currency which had to be found for the finance of the gold exports from India now led to heavy withdrawals of currency which resulted in an expansion of roughly Rs. 50 crores during the remainder of the year. The Bank's cash remained comparatively stable for the rest of the year, for only so much expansion was resorted to as would keep it at a reasonable figure. The growing improvement in the position enabled the Bank authorities to reduce the rate to 7 per cent on the 14th January and again to 6 per cent on the 25th February, where it remained up to the close of the year.

The debt position.

To deal now with the state of the public debt, the unproductive debt in the very difficult year under review increased by only Rs. 10½ crores as compared with Rs. 19½ crores in 1930-31, the increase of course being due to deficits in revenue and losses on the sale of silver. Even so, India's unproductive debt only amounts to 17 per cent of the total. It is also to be noted that while India's internal debt increased by Rs. 54 crores from Rs. 652 crores to Rs. 706 crores, its external debt decreased by Rs. 12 crores from

Rs. 518 crores to Rs. 506 crores. The amount of revenue applied to the reduction of debt during the year was Rs. 6,89 lakhs and in the budget for 1932-33 provision for a further Rs. 6,82 lakhs has been made. Of the amount applied to the reduction of debt during the year, Rs. 1·79 crores were credited to the depreciation funds of the 5 per cent 1929-47, 1939-44 and 1945-55 loans; and as during the year the market price of these loans fell below the price at which purchases for the depreciation funds have to be made, Rs. 3,41 lakhs had to be spent in purchasing these loans for cancellation. The total balance of the funds at the end of the year including interest on investments amounted to Rs. 5,21 lakhs, of which Rs. 1,19 lakhs remained uninvested at the end of 1931-32. The rupee loan floated during the year was a tax-bearing 6½ per cent issue. It was issued at par and is repayable at par on the 15th September 1935. The loan was opened for subscription on the 15th September 1931 and was for an unlimited amount. The total amount subscribed was Rs. 16,95 lakhs of which Rs. 2,04 lakhs represented conversion of 1931 Bonds. Of this amount no less than Rs. 6,53 lakhs was received at post offices and was the result of special efforts to attract the small investor. The general market conditions at the time of the flotation of the loan were of course unfavourable; within a week the gold standard was abandoned both in England and in India. At the same time sound finance clearly indicated the necessity of floating a loan to prevent the already large volume of the floating debt being still further swollen by the funds released by the maturity of the 1931 bonds, and in spite of these adverse factors the loan was not unsuccessful. Though while it was open Government securities were very weak, the subscriptions were of material assistance in consolidating Government's credit by reducing the amount of the floating debt, and the loan may thus be considered as having definitely contributed to the rapid improvement in the prices of Government loans which followed later in the year. As regards sterling loans an issue of India 6 per cent Bonds, 1933-34, was made in May 1931 at par for a total amount of £10 millions; and a sum of £3 millions was also realized during the year on account of the India 5½ per cent stock, 1936-38, issued in February 1931. Of the £20 millions 5½ per cent India Stock, 1932, £5 millions was converted in February 1931 into 5½ per cent India Stock, 1936-38, and the balance of £15 millions was repaid on maturity in January 1932.

£2·3 million 6 per cent bonds 1932-33 were also purchased and cancelled during the year. In addition, Government repaid the balance of the temporary loan from the Imperial Bank amounting to £4 millions outstanding at the end of the previous year.

Prices of Indian securities.

The prices of Indian securities after many months of vicissitude recovered markedly in the early part of 1932. The price of 3½ per cent sterling loan in London, usually a safe index, was 61-59 (top and bottom prices) in April 1931, touched bottom in September 1931 at 43½ but reached 68¼-63½ in March 1932. The announcement of 6½ per cent Treasury Bonds on the 1st September naturally led to a drop in other securities to give rates corresponding with those of the new issue. On the abandonment of the gold standard there was a further sharp drop. Some return of confidence produced a temporary revival in October, but the passing of the emergency budget with its surcharge on income-tax, further lowering the yield on tax-bearing securities, brought about a further fall, and this unfortunately coincided with a very heavy drop in the price of gilt-edged securities in London including those of the British Government through fears as to the future of the pound sterling. Rates remained at this low level with minor fluctuations until early January when the London market was informed that the sterling purchases of the Secretary of State were sufficient to enable him to repay the 5½ per cent loan maturing on the 15th January and amounting to £15 millions without further borrowing on the London market. This coincided with an upward movement of sterling and revival of confidence in British Government securities. The result was a rapid reaction, the lead being taken by the sterling securities of the Government of India.

The Supplementary Budget.

Having thus indicated some of the main features of the year, we cannot do better, in order to give a more detailed exposition of the state of India's finances, than quote from the budget speeches of Sir George Schuster, the Finance Member. The first speech was made on the 29th September 1931 in connection with the supplementary budget. Sir George said:—

"I rise to make a statement on the financial position and on our plans for dealing with it, in somewhat unusual and difficult circumstances. On the one hand it is necessary that we should not delay in restoring equilibrium between revenue and expenditure. On the other hand the foundations on which we have to base

our estimates are at the moment fluctuating, owing to the changes which have come upon our currency position in the week which has just passed. But the very nature of that change makes it all the more necessary that our internal financial position should be sound —for once a country's currency is cut adrift from the moorings of a stable standard such as gold, it is particularly necessary to avoid getting into any sort of inflationary position resulting from a failure to balance current expenditure with current revenue. If we can convince the world that our internal budgetary and monetary position is sound, then with our favourable balance of trade we shall be able to preserve confidence in our currency and save the country. Therefore we must take immediate steps to ensure clear and solid foundations for our internal position . . . .

Revenue position.

Returns of the first five months indicate that we shall fall short of our budget estimates for customs by at least Rs. 10 crores, the heaviest reductions being under cotton piecegoods, sugar, silver, spirits and liquor, excise on motor-spirit, iron and steel and in the jute export duty. As regards income-tax, we expect a deficit of Rs. $1\frac{1}{4}$ crores; while on salt we expect a reduction of about Rs. 8 lakhs. This brings the total deficit on tax revenue to Rs. 11 crores 33 lakhs.

As regards the Railways, traffic returns to date show a very disquieting position. Without attempting to give an exact estimate now, we must clearly accept the fact that it will be impossible for the Railways, in spite of all their retrenchment measures, to make any general contribution to the budget until the present economic depression completely passes . . . . For this reason Rs. 5·36 crores drops out of our budget.

Under Posts and Telegraphs a fall of Rs. 18 lakhs is anticipated in revenue, after taking into account additional receipts from enhanced parcel rates and revised scale of fees for insurance of postal articles introduced with effect from the 15th June and 15th August 1931 respectively. A saving of Rs. 6 lakhs is expected under working expenses, leaving a net deterioration of Rs. 12 lakhs . . . .

Under the finance headings, the net result is that our position will be adversely affected to the extent of Rs. 2·29 crores.

Under extraordinary receipts we have to provide for a reduction of Rs. 23 lakhs, as under the Hoover plan we shall have to forego 9

months' reparations receipts. As already noted however we have, against this, a saving on the interest on our own war debt of Rs. 56 lakhs.

Expenditure.

As regards civil expenditure we have unfortunately some items which have not been provided for. These include exceptional items such as the loss owing to the heavy return of nickel coin from circulation due chiefly to the prevailing depression. This accounts for no less than Rs. 43 lakhs which according to our practice has to be debited to the budget. Then again there is a good deal of expenditure in connection with the Round Table Conference and the various commissions of enquiry in the North-West Frontier Province and elsewhere which have had to be set up in order to carry out recommendations of the last Round Table Conference. As against these items we shall have some savings in the current year owing to reductions which have been made (apart from the special retrenchment proposals, to which I shall refer later); but these will probably not be sufficient to offset the items of deterioration which I have mentioned. On all these heads we feel it necessary to anticipate a deterioration of about Rs. 23 lakhs.

To sum up, the total deterioration in our income and expenditure is:

Rs. 11·33 crores in tax revenue,
Rs. 5·48 crores on commercial departments,
Rs. 2·29 crores on general finance headings,
Rs. ·23 crore under extraordinary receipts,
Rs. ·23 crore under other heads including civil expenditure.

As the budget provided for a small surplus of Rs. 1 lakh, on the basis of the present estimates, there will be a net deficit of Rs. 19·55 crores.

Prospects for 1932-33.

As far as we can see at present, there seems to be no justification for expecting any large improvement in the budgetary position next year. In fact, income-tax revenue may be considerably less than in the current year. On the other hand, there will be a saving of Rs. 48 lakhs in the interest payments on the outstanding amount of our war loan liability.

Factors of uncertainty affect any estimate that we can give at present. We consider that the only safe line to take now is to

estimate that conditions will not substantially improve at least before the end of the next financial year, and that we must reckon again on a deficit of Rs. 19½ crores for 1932-33.

Putting the deficit for the current year and next year together, we have a gap to fill of Rs. 39·05 crores. If we are, straight away, to establish a really sound position, we need to devise a plan which will provide us during the remainder of the combined two-year period either with reductions in expenditure or with increased revenue to fill this gap. That is indeed a task of extreme difficulty. We have a two years' deficit to deal with, but we have only 18 months left during which new measures can operate. Nor is even this period fully available, for although new taxation can be made effective from the beginning, there must be some considerable delay before the full results of our retrenchment plans can be met.

Proposals. This is the position, and the action which we have to take to deal with it may be divided into three distinct lines.

First, reductions in expenditure due to more economical organization of Government departments and restriction of activities.

Secondly, an emergency cut in salaries.

Thirdly, fresh taxation.

Retrenchment. I will deal first with reductions in expenditure . . . . As regards civil expenditure . . . . the measures recommended by the General Purposes sub-Committee for this portion of the field would produce savings estimated at about Rs. 1,20 lakhs. For my present purposes I am taking as the estimated saving this figure, reduced by a margin of Rs. 20 lakhs, representing what we estimate may be the charge for compensation and recurrent pensions payable in respect of officials whose posts are abolished. Thus we reckon to get a net saving of about a crore on this part of the field. We have also to take into account the grants for those departments (largely the main administrative and revenue-collecting departments) which have not yet been examined by the General Purposes sub-Committee. Over this part of the field the scope for retrenchment is more restricted. In respect of it we estimate that we shall be able to effect a net saving of about Rs. 90 lakhs, including an automatic drop of about Rs. 23½ lakhs in the expenditure on census operations, but taking into account something for compensations, etc. . . . .

Recommendations of the other retrenchment sub-committees (other than those for Railways and the Army) indicate measures for improving the civil position for 1932-33, as compared with the budget for the present year, by a gross sum of about Rs. 97 lakhs. Taking into account compensations, etc., we propose to count on a net improvement of Rs. 60 lakhs under these grants.

Out of the retrenchment measures to which I have referred we expect to realize savings of about Rs. 30 lakhs in the current year.

Now I come to the Army . . . . For the present the Army authorities guarantee for next year a net reduction of Rs. 4½ crores. This reduction will produce a net defence budget for 1932-33 of Rs. 47·40 crores, as compared with Rs. 51·90 in the current year and with the stabilised budget figure of Rs. 55 crores two years ago . . . . What this really amounts to is that in 2 years, without impairing the strength of the fighting forces, without taking into account the possibilities of a temporary cut in officers' pay, Army expenditure will have been reduced from Rs. 55 crores to Rs. 47·40 crores. This, Sir, is I submit no mean achievement; it has been done quietly and without the imposition or display of Royal Commissions. It has been achieved by hard patient work and co-operation between the Army Department, the Finance Department and the chosen representatives of this Assembly. That, I submit, is the right way to work out economies, and brings credit on all concerned.

Emergency cut in pay.

I now come to the difficult question of an emergency cut in pay. Let me state at the outset the general conclusions reached by the Government as part of the plan which I am now presenting. These are:—

First, that any cut applied must be general and on a fair basis.

Secondly, that it should be of a temporary nature not extended beyond the need of the present exceptional emergency. Its justification is in the need for a common sacrifice in a national emergency. Although it may be said that the subordinate ranks have gained from the low level of prices, there is as yet no proof of a substantial fall in the cost of living of many classes of Government servants.

Thirdly, that it should not in any way affect pension or provident fund rights.

We have given a great deal of thought to the way in which a cut should be applied, and after the most searching consideration of all sorts of graduated scales we have come to the following conclusions.

We think, first, that a simple plan is best, and that although it may be necessary to exempt pay below a certain low limit at the bottom, a uniform scale is really the fairest and best in the public interest.

We consider that the rate should not exceed 10 per cent in any individual case, and that, as I shall explain later, this should include the enhancement of income-tax now proposed. For the general Government services we think that the limit of exemption should ordinarily be about Rs. 40—perhaps a bit higher, perhaps a bit lower. I ought however to mention that special considerations may have to be applied to a great commercial undertaking like the Railways, but the maximum will not be exceeded in any case.

I may, however, here interpose that I am pleased to be able to say that His Excellency the Viceroy has decided that he will impose upon himself a cut of 20 per cent, and that for ourselves, the members of his Council, we will surrender 15 per cent of our pay.

The action to be taken by provincial Governments in regard to officers within their rule-making powers will be for their own decision, but we have little doubt that they will recognize the desirability of attaining throughout India as large a measure of uniformity as possible. In this connection I may mention that uniformity is particularly desirable in the police service, and since local Governments are far more concerned in this matter than the Central Government, we shall not reach final conclusions in this case until after further consultation with them.

I must also refer to the fact that it does not lie within the power of the Government of India to take decisions as regards all the officers within its service. Certain officers have been guaranteed their rights under the Government of India Act and these cannot be altered without legislation in the British Parliament. As regards other officers, their position is governed by Fundamental Rule 23, and can only be altered under rules made by the proper authorities. For the great bulk of officers, the rule-making power now lies with the Government of India and local Governments, subject to the sanction of the Secretary of State in Council. There are certain officers however in regard to whom the Secretary of State in

Council has himself to make the rules. The position is that we have received the assurance of the Secretary of State that he will sanction the rules which we, or provincial Governments, may make in those cases where we or they have the power. Further, in regard to officers protected by the Government of India Act, or in regard to whom the Secretary of State has himself to make rules, I am authorised to say that His Majesty's Government are satisfied that a financial necessity exists amounting to a national emergency, which requires that a reduction should be made in pay, and that His Majesty's Government have undertaken to introduce legislation in Parliament at the first practicable opportunity. The legislation would be of an emergency character, and would authorise the Secretary of State in Council to reduce the salaries of officers protected under the Government of India Act for a limited period and subject to a maximum of 10 per cent which would be inclusive of the enhancement of income-tax contained in my present financial proposals and subject to a discretionary power for the Secretary of State in Council to make exceptions in cases of hardship. It would apply to the special class of protected officers serving under local Governments as well as under the Government of India Act. Officers not specifically protected by the Government of India Act, but in regard to whom the Secretary of State has himself to make rules, would be treated on the same lines as the protected officers . . . .

We think that it should be practicable to impose the cuts from the 1st December next. It must be clearly explained that there is no intention that they should remain operative beyond the 31st March 1933. They will not be continued beyond that date without further examination of economic conditions; and if economic conditions so required or permitted, we should reconsider them before that date.

And that brings me to a point of essential importance in this matter. A cut of this nature must be regarded as a very exceptional measure which can only be justified in very exceptional circumstances. It is nothing less than a direct variation of the conditions under which an officer enters the Government service, and it must be remembered that the security of these conditions represents an essential attraction of service under a government. It would be fatal to the public interest if that sense of security were destroyed. Therefore no variation can be justified except in a real

national emergency and when it is quite clear that all other measures have been fully tried. Even so it is necessary to examine the case still further. We must test the emergency by an examination of the causes which have created it. In the present case it was clear that the emergency had arisen from an unprecedented fall in prices of those commodities which India produces and on which the revenue of the country depends. The value of commodities had fallen too low in terms of money, the value of money had gone up too high. But in the last days a change has been made in the basis on which the value of our money, or our unit of currency, depends. The results of this, or of any general economic recovery producing an improvement in the revenue position, may make it necessary to reconsider the justification and necessity for this cut. It is of course clear that a general decline in the gold value of the rupee would affect all servants of Government alike, while I might further mention incidentally that if, on the other hand, the rupee had been detached from sterling and the value of the rupee had either appreciated or declined in relation to sterling, there would have been some difference in the case of certain classes of officers of which Government would have had to take account . . . .

Financial effect of cut in pay.

As regards the financial effect of cuts on the scale which we propose, I have estimated the position roughly as follows for the purpose of my present financial plan. We put the total saving for 1932-33 at Rs. 1,15 lakhs, and for the four months from December 1st of the current year at Rs. 35 lakhs. This includes savings on the personnel of the Posts and Telegraphs Department. The saving on Railways will be very substantial. I refrain from giving an exact figure pending the final settlement of a plan. In any case it will not directly affect my present proposals, for we consider that any saving effected by a cut in pay on the Railways must be utilized to improve their own internal position, and that it cannot be translated into any improvement of general revenues. As I have already stated, a cut in fact will only be justifiable during the continuance of the present emergency, and during such period we cannot in any case rely on receiving any general contribution from the Railways. It is in our opinion essential that if they have any margin it should be made available for reduction in freights on agricultural products.

As regards Army officers, the same cut would apply to them as to civil officers of the Government. We estimate a saving of

Rs. 75 lakhs in 1932-33 and Rs. 25 lakhs for the four months of the current year from December 1st. I may note that if this saving is effected it will reduce the expenditure of the Army next year to Rs. 46·65 crores . . . .

I have to mention another measure which is in the nature of an expedient to improve our revenue position over the next 18 months. We have been studying since the end of the last budget session the possibility of effecting an immediate increase in our salt revenue by reducing or abolishing the credit system. After careful examination of the question in consultation with the officers of the Salt Department, we came to the conclusion that, subject to giving fair notice to trade, we might justifiably terminate credits altogether. We have accordingly notified the gradual termination of the system by limiting credits to three months as from the 1st October 1931, and discontinuing the grant of new credits altogether from the 1st March 1932. This means that we shall actually collect in the current year and again in next year 15 instead of 12 months' revenue on all salt issued under the credit system. I expect our revenue will be increased by one crore each year on this account. This of course involves no real increase either in taxation or revenue. It only means that we shall, during the next 18 months, collect 24 months' revenue on credit salt. After that we shall be entirely on a cash basis.

Fresh taxation.

I must now turn to the third measure—new taxation. Here our plan is very simple, and though unpleasant, I hope that Honourable Members will on the whole recognize it as fair. The main plank of our proposals is to put a temporary surcharge on all existing taxes, with the exception of customs export duties, for these could not without detriment to our export trade be included. With this exception, the surcharge will apply to all customs and excise duties (including salt) and to the income-tax and super-tax. The surcharge which we propose is 25 per cent on the existing rates in each case.

General surcharge.

The principle is uniform, but as regards the income-tax there is an administrative difficulty inasmuch as the tax, although only imposed as from the 1st October, has to be collected on a 12 months' basis. It would lead to great hardship in case of salaries or other income taxed at the source if we were to supplement deductions already made by a retrospective increase at the full rate of 25 per cent. Therefore we propose that the surcharge for the current year

should be 12½ per cent on income-tax, but it will be collected at this rate on the whole year's income.

New taxes. Apart from these general surcharges, we are forced to include certain new taxes. As regards income-tax, we consider that in this emergency there is justification for reducing the exemption limit and imposing a small tax of 4 pies in the rupee on incomes between Rs. 1,000 and Rs. 2,000 per annum. For the same reasons as I have explained already in connection with the surcharge on the existing income-tax, the rate will be imposed at 2 pies for the current year and 4 pies for next year.

The remaining special increases or new taxes which we propose are in regard to import duties. I will deal first with the increases in existing duties.

We propose to increase the import duty on artificial silk piecegoods from 20 to 40 per cent and on artificial silk yarn from 10 per cent to 15 per cent. We also propose to increase the duty on brown sugar from Rs. 6-12 to Rs. 7-4 per cwt. This follows the Tariff Board's recommendation. As regards boots and shoes, we propose that there should be imposed as an alternative to the 20 per cent duty a minimum of 4 annas per pair. The duty will thus be 20 per cent or 4 annas a pair whichever is the higher. We also propose to increase the duty on camphor and on electric bulbs from 20 to 40 per cent. As regards all these articles the surcharge will be levied on the increased duty.

Then there are three items formerly on the free list on which we think it justifiable to impose a small duty on revenue grounds. The result of the surcharges imposed in last budget and proposed now is that the level of the general revenue tariff has been increased from 15 to 25 per cent. There is, therefore, some justification for adding a 10 per cent duty to articles hitherto free.

We propose to put duties of 10 per cent on machinery and dyes, and of ½ anna per lb. on raw cotton. I must expect criticism of these duties especially from the cotton mills, and I must acknowledge that their imposition may appear to be in some ways inconsistent with previous policy. The justification must be the need for revenue, while as regards the cotton mills we may claim that on balance their position will be improved by our surcharge proposals, for under these the import duties on cotton piecegoods will be increased by one quarter. This more than offsets the burden of

½ anna per lb. on goods made from imported cotton, and affords an effective answer to possible criticisms on the grounds to which I have referred.

I have one more word to say as regards the income-tax proposals. In considering the cut to be applied to the salaries of Government officials we considered what total reduction of their emoluments could fairly be imposed. If the general rate of reduction is to be 10 per cent, that represents what we think fair, and if further increases of income-tax were to be added, that would go beyond the reasonable limit. We therefore propose that increases of income-tax, both by way of surcharge on existing rates or by way of imposition of a tax for the first time on salaries from Rs. 1,000 to Rs. 2,000 should be merged in any general cut which we are imposing or which provincial Governments may impose.

Apart from measures of taxation we propose some enhancement of the inland postal rates, namely to increase the existing rates in respect of letters and postcards. That is, the rates for inland postal letters will be 1 anna and 3 pies instead of 1 anna and for postcards 9 pies instead of 6 pies. This enhancement should produce Rs. 73 lakhs in a full year and should go a long way to cover the deficit of Rs. 92 lakhs in the working results of the department which would be left even if the recommendations of the Posts and Telegraphs Accounts Enquiry Committee are accepted.

Summary of financial programme.

I may now summarise the effects of all these plans . . . . We should close the current year with a deficit of Rs. 10·17 crores and the next year with a surplus of Rs. 5·23 crores. That is to say, the combined result of the two years will be a deficit of Rs. 4·94 crores.

We consider that we are justified in regarding this deficit as covered by making during this period of exceptional stress a reduction of about Rs. 2·47 crores in each year from the provision for reduction or avoidance of debt. Even after making this deduction, this provision will amount to Rs. 4·43 crores in the current year and about Rs. 4·68 crores in 1932-33. When it is remembered that the portion of our debt which is not covered by productive assets or cash balances is no more than Rs. 194 crores this may fairly be claimed as an adequate sinking fund allocation during a period of exceptional depression.

But I may put the position in another way which throws up in a still more favourable light what we are proposing. I have explained that on present estimates the combined deficit for the two years is just over Rs. 39·05 crores. We may fairly say that half the current year's deficit has already been incurred—say about Rs. 9·80 crores. If we look at our task as one of having to make a new budget for 18 months, starting with October 1st, we should have to find means for filling a gap of Rs. 29·25 crores. We are actually providing for finding improvements of Rs. 34·11 crores over the next 18 months. Therefore we are not only providing a balance for that period, but we should have a surplus of Rs. 4·86 crores towards making up the deficit of Rs. 9·80 crores on the first half of the current year.

If these forecasts are fulfilled, then even if there is no improvement in the economic position, the Finance Member, when he presents the Budget for 1933-34, will find himself in possession of a surplus of Rs. 5·23 crores and he will be able to make a substantial easing of the burdens.

It is perhaps forecasting events too much to say in what order these reductions should be made. But there are certain principles which we consider must be observed. Relief must come first in restoring the emergency cuts in pay and secondly in taking off the surcharge on the income-tax now to be imposed. I think we may predict with as much certainty as is possible for any such forecasts that these special impositions will not in any case be extended beyond the 31st March, 1933.

This is the picture, but I must add a few words before I leave it. Much will be said about the increase in the burden of taxation. But I want the public to appreciate that we are not so much increasing the total amounts of taxes levied as providing by increasing the rates for collecting the same amount of revenue.

Our difficulties have not in any way been caused by an increase in expenditure. Quite the contrary. We have in fact to face three things—a drop in the yield of the current taxes, a drop in the revenues from commercial departments, and a deterioration under the finance headings. The first we meet mainly by increasing the rates of the taxes, and the last two by retrenchment . . . .

The figure of net administrative expenditure will, according to our plans, have proceeded as follows:—

	Figures in crores of rupees.
1930-31	79·67
1931-32	74·66
1932-33	65·95

If this can really be achieved, then we shall be able to congratulate ourselves on having put matters on a really sound basis.

General exposition of policy.

Then I want to add something as to the reasons for the present measures. I referred at the outset of my speech to the dangers, now that we are divorced from a gold standard, of any inflationary action for the purposes of meeting the current expenditure of the Government. If once that process starts, it may be impossible to save the country from a complete collapse of its currency. That has been the experience of all countries whose currencies collapsed after the War. They all went through the same process. Budgetary deficits, met first by borrowing; then a reluctance of the public to subscribe to government loans or treasury bills; then recourse to the note-printing press and inflation to provide funds to meet current public expenditure; then collapse in confidence in the currency, notes printed faster and faster until the amounts reached astronomical figures, and finally the complete disappearance of any value to the currency at all. We want to erect a solid barrier against the possibility of India getting on to that slippery slope. That is the essential justification for our proposals. We have heard much talk in the last days about the disappearance of our currency reserves. But no currency reserve can be large enough to stand up against a lack of confidence in the currency. Reserves are only valuable to tide over temporary difficulties. The real safeguard must be confidence in the soundness of a country's financial situation. If a country meets current expenditure with current revenue, and if, further, it has a favourable balance of trade, then it can face all the vicissitudes of fortune with confidence, and its actual currency reserves are of minor importance.

That brings me to the last thing which I have to say to-day . . . . We believe that we are doing the right thing for India—that in these critical times, and looking to the years before us, when we have to meet heavy loan maturities both external and internal, the matter of vital importance is to preserve the trust

of the public of India and elsewhere in the soundness of our financial position . . . . The paramount duty of every man who has India's interest at heart, and who can in any way influence the situation, is to preserve intact that financial stability on which the whole fabric of the country's life depends."

The General Budget.

The second speech from which we propose to quote is that with which Sir George Schuster presented the budget for 1932-33. This budget was of course not concerned with taxation, which was already provided for by the supplementary budget of September 1931. Apart however from its review of the budgetary position, it is of great interest because of its convincing defence of currency policy and of the export of gold. Sir George said:—

"I rise to present the Budget for 1932-33 in circumstances which are somewhat unusual . . . . As His Excellency the Governor-General has already announced, we do not propose at the present stage any extensions or modifications of the plan for raising revenue which we put forward last September. A budget speech must therefore lack much of the interest which normally attaches to it. Nevertheless the occasion is an appropriate one for attempting a general review of the financial position . . . .

General position.

I shall not attempt any exhaustive review of economic conditions, but a picture for the current year can be drawn in a few lines. Generally speaking the monsoon was favourable, and India has had quite a normal year as regards agricultural production. Yet her exports and imports have fallen in value to a bare half of what they were two years ago. Exports of merchandise for the first 10 months of the current year amounted in value to Rs. 134¾ crores as against Rs. 265 crores for the first 10 months of 1929-30, while the value of merchandise imported has fallen from Rs. 201 to about Rs. 105 crores. These are staggering figures and indicate the extent to which our present difficulties are due to low prices produced by world conditions. The most striking falls in exports for the period mentioned are in jute and jute products which have fallen from Rs. 69 crores to Rs. 28½, and raw cotton which has fallen from just under Rs. 51 crores to Rs. 20½, while as regards imports, the most notable cases are cotton manufactures which have fallen from Rs. 49·67 to Rs. 15·86 crores, and sugar which has fallen from Rs. 13·8 to Rs. 4·9 crores.

Nevertheless, in spite of this enormous fall in the value of trade, our favourable trade balance, if movements of treasure are included, for the first 10 months of this year is Rs. 71 crores as compared with Rs. 43 crores for 1929-30. Here is the significance of the export of gold.

As an indication of our higher rates of taxation I may remind the House that this year we have collected for the 10 months about Rs. 29 crores of import duties on Rs. 105 crores of imports, as compared with about Rs. 33 crores of duties on Rs. 201 crores of imports for 1929-30.

These are the salient facts in the situation. They tell their own story and provide the clue to the whole of the account of our finances which I have now to give . . . .

Estimates for 1932-33.

Turning now to the position for the current year, and the prospects for next year, I need not remind Honourable Members of the circumstances in which we were forced during last September to undertake *interim* measures to fortify our budgetary position. According to our estimates at that time we should, on the existing basis of taxation, have had to face deficits of over Rs. 19 crores in each of the years 1931-32 and 1932-33. We hoped by our new measures of retrenchment and taxation to reduce the deficit for the current year to Rs. 10·17 crores, and for next year—when the effects of retrenchment would be fully felt and with the new rates of taxation applicable for a whole year—to realize a surplus of Rs. 5·23 crores.

But I emphasized in presenting the estimates in September that they could not, in the extremely uncertain circumstances then prevailing, be regarded as more than guesses, and that we looked to the estimated surplus for next year mainly as a reserve margin against this uncertainty. The actual customs returns for the months since last September have made it necessary for us to revise our estimates.

As a result we now allow for a deterioration in the figures by about Rs. 3 crores for each year, and we anticipate that the current year will close with a deficit of Rs. 13·66 crores and that the surplus for 1932-33 will be Rs. 2·15 crores. This surplus of Rs. 2·15 crores, based as it is on severely reduced estimates of revenue, we regard as providing a reasonable margin of safety.

I would remind the House also of another consideration. For this year and next year combined we are providing from revenue no less than Rs. 13·71 crores for reduction or avoidance of debt. This of course in no way represents recurrent expenditure. Moreover in our case a provision for writing off our debt is a measure of a specially conservative nature, seeing that practically the whole of our debt is covered by productive undertakings which themselves make adequate financial provision against depreciation of the value of their capital assets. The matter may therefore be looked at in this way. If we combine the results for this year and next year our estimates show a net deficit of Rs. 11·51 crores. But as this is arrived at after providing Rs. 13·71 crores for reduction of debt, our recurrent receipts for the two years will exceed our recurrent expenditure by Rs. 2·20 crores.

If this result is achieved over two years of unexampled depression when practically every government in the world is having to show very heavy deficits, we may, I think, justifiably regard the Indian financial position as comparatively sound . . . .

Analysis of the estimates.

I must turn to a fuller exposition of our present estimates. The broad picture may be presented as follows so far as gross revenue and expenditure are concerned:—

	In crores of rupees.	
	Revenue.	Expenditure.
The results for 1930-31 are . .	124·60	136·18
Our budget estimate for 1931-32 was	134·87	134·86
Our revised estimate for 1931-32 is .	120·77	134·43
Our budget estimate for 1932-33 is .	129·96	127·81

I must, while giving these figures, remind the House that as they include gross interest payments and the counterbalancing receipts from commercial departments, they do not show the true picture as regards reduction in administrative expenditure.

Revenue Estimates.

I will now explain the position more fully as regards the main heads of revenue and expenditure. As regards revenue . . . .

Customs.

the budget estimate for next year under customs is Rs. 4,15 lakhs less than the current budget estimate in spite of the fact that the increased and new duties imposed by the Supplementary Finance Act were expected to bring in additional revenue of Rs. 9¾ crores. The main deterioration as compared with the current

budget occurs under the heads of sugar, silver, cotton piecegoods and liquors.

The decrease under sugar . . . . is Rs. 3,56 lakhs for the current year, and Rs. 2,16 lakhs for next year, as compared with the original budget estimates for 1931-32 on the basis of customs duties without the surcharge. As regards silver, for 1930-31 the duty actually collected was Rs. 2,33 lakhs, but for next year with the increased duty we are not counting on more than Rs. 1,60 lakhs . . . . Another most disappointing head has been cotton piecegoods. Here as compared with the 1931-32 budget we are down in the current year by Rs. 1,96 lakhs and next year by Rs. 1,86 lakhs. Again in the case of liquors, we have had to reduce our estimate for the current year by Rs. 88 lakhs and for next year by Rs. 79 lakhs, as compared with the budget estimate for 1931-32.

Effects of new import duties.

It may be interesting to add some comments on the operation of the new customs duties imposed in the Emergency Finance Bill of last September. The new duty of 10 per cent on machinery produced for the four months to the end of January 1932 Rs. 35 lakhs and is estimated to produce up to the 31st March a total of Rs. 49 lakhs, and for 1932-33 Rs. 1,00 lakhs. This compares with the estimates furnished in September of Rs. 52 lakhs for the current year and Rs. 1,03 lakhs for next year. On the current year's results it is therefore making a satisfactory showing in comparison with our estimates.

Cotton.

As regards the new import duty of ½ anna per pound on raw cotton, we have had to be more cautious in our present estimates and to reduce substantially the figures from those anticipated at the time of the Emergency Finance Bill. Here we are now only counting on Rs. 16 lakhs for the current year and Rs. 32 lakhs for next, as compared with our original estimates of Rs. 43 lakhs and Rs. 87 lakhs respectively. Our reduced figures are based on revised estimates of imports . . . . The need for caution in estimating was brought out by the fact that imports in the first three months after the duty was imposed fell to 6,500 tons as against 10,600 tons in the corresponding period of the previous year . . . .

As regards the general effects of the duty a precise estimate is difficult just now owing to the presence of a number of abnormal complicating factors. Conditions in the world's cotton market have been abnormal, and this may equally be said of local conditions

in India, as there has been a shortage of production owing to unfavourable weather conditions, with a resultant rise in prices for grades which are primarily exported and not affected by the import duty. Expert opinion however agrees that the imposition of the duty has been responsible for a definite improvement in the prices paid for staple cotton. The shortage of the Indian crop has been offset by a bumper crop in America, and it seems very probable that had the duty not been imposed American cotton would have been imported at cheap rates to the detriment of Indian agricultural interests. It is fortuitous circumstances of this kind that have been mainly responsible in the past for large imports of American or Egyptian cotton, where these have taken place; while it seems unlikely that the steady demand from Bombay for East Africans will be seriously dislocated by the duty. It is, of course, too soon to trace the effect of the duty on the actual development of the production of staple cotton in India, but I am confident that all interests concerned will soon realize that the import duty will do much to accelerate this desirable development. A particularly interesting point is that for progress on these lines it is reasonable to look towards the area that will be developed by irrigation from the recently completed Sukkur Barrage. The general conclusion is that the effects of this duty have been definitely favourable to Indian interests.

The other new duty imposed in September was on dyes. Here we now expect to get Rs. 20 lakhs next year against our September estimate of Rs. 17 lakhs.

These three new import duties (on machinery, cotton and dyes) are therefore now expected to produce altogether Rs. 1,52 lakhs against our first estimate of Rs. 2,07 lakhs—but, as I have said, the present provision allows for a very cautious estimate as regards cotton.

Taxes on income.

As regards taxes on income my present estimate of Rs. 18,73 lakhs for next year . . . . . is only Rs. 1,06 lakhs more than the budget estimate for the current year in spite of the fact that the increase in the rates of income-tax and the levy of income-tax for the first time on incomes between Rs. 2,000 and Rs. 1,000 were expected to yield an additional revenue of Rs. $3\frac{3}{4}$ crores. We have therefore made substantial allowance for deterioration in the general conditions of business in the current year.

The Supplementary Finance Act lowered the minimum income liable to income-tax from Rs. 2,000 to Rs. 1,000 and imposed a surcharge of 12½ per cent in the current year on all rates of income-tax and super-tax. Unlike the changes in customs duty, these provisions only took effect when the Act actually became law, that is to say at the end of November last. So far as the taxation of the lower incomes in particular was concerned, extensive additions to our staff had then to be made to cope with the additional work. Some delay was inevitable in organizing the new staff and in effecting the new processes of assessment. We have therefore not yet conclusive evidence as to what the yield of the taxation of the lower incomes will be in the current year . . . .

The imposition of the surcharge on assessments already made was of course a far simpler matter than the invasion of the new field of taxation offered by lower income, and here we anticipated a yield for the current year of Rs. 1,74 lakhs. Up to the end of January the demand on this account was Rs. 1,16 lakhs and collections Rs. 62 lakhs . . . .

Salt Revenue.

As regards salt revenue the budget estimate for 1932-33 is Rs. 9,43 lakhs . . . . Under opium the budget estimate for 1932-33 is Rs. 83 lakhs less than the current budget, the reduction being due partly to our policy of reducing exports and partly to two of the foreign purchasing Governments not taking their quota in 1932. This has been an unexpected factor in worsening our estimates. As regards commercial departments we do not expect any contribution from Railways either in the current year or the next. As regards Posts and Telegraphs, the loss in the working of the department in the coming year, after allowing for the full effect of the retrenchment and taxation measures, is now expected to be about Rs. 16 lakhs . . . . Under the general finance headings, interest receipts, currency and mint receipts, interest on debt and the provision for reduction or avoidance of debt a total net improvement of Rs. 41 lakhs was shown in the budget for 1932-33 as compared with the current budget. This was due to a marked improvement under the head currency and mint, accounted for by the anticipated increased profit on note circulation due to the expansion of currency during the current year against treasury bills.

To sum up, the budget for 1932-33 under the heads of tax revenue, net revenue from commercial departments, opium revenue and other revenue and finance headings shows, as compared with the current budget, a decrease of Rs. 5,81 lakhs.

Expenditure estimates.

I must now turn to the expenditure side . . . . The total civil and military expenditure in 1932-33 is estimated at Rs. 67,39 lakhs, which is Rs. 11,84 lakhs less than for 1930-31, and Rs. 7,95 lakhs less than the current budget . . . .

In considering the expenditure figures which I have just given I would ask Honourable Members to concentrate on the reduction of Rs. 11,84 lakhs from the actuals of 1930-31, for it is over the two years that our retrenchment work must be assessed. Apart from this, I must point out that the figure of Rs. 7,95 lakhs, representing the reduction for next year's as compared with the current year's budget, does not represent the full amount of our retrenchment measures . . . .

Retrenchment

I must now give some account of how we have given effect to the retrenchment programme which was promised on my presentation of the Emergency Finance Bill . . . . I will take civil and military expenditure separately.

in civil expenditure.

In my speech on first introducing the Emergency Finance Bill in September I indicated that as regards civil expenditure (including Posts and Telegraphs) we hoped to achieve retrenchment measures providing for a reduction of Rs. 3,25 lakhs, against which we allowed for terminal charges, compensation, etc., about Rs. 75 lakhs, so that we were reckoning on a net saving of Rs. 2,50 lakhs for next year. I elaborated this estimate somewhat in November, while the general forecast of expenditure which I then gave allowed for certain further reductions. The position which is revealed in the papers which I am now presenting may be summarised as follows:—

	Lakhs.
On account of definite measures carried out in accordance with the recommendations of the retrenchment committees (for which my previous figure was Rs. 3,25 lakhs) the gross savings now incorporated in the demands for grants are .	3,45
But on top of this we have insisted on further miscellaneous reductions amounting in all to . .	88
Thus producing total reductions of	4,33
As against this the cost of terminal charges now comes out at	33
So that the net figure (to be compared with my earlier figure of Rs. 2,50 lakhs) is increased to .	4,00

To this must be added the temporary saving on cuts in pay which for civil heads—including the Posts and Telegraphs—we now put at Rs. 1,22 lakhs, instead of my former figure of Rs. 1,15 lakhs . . . .

The total recommended by the four civil sub-committees was Rs. 4,99 lakhs, and we have against this achieved economies of Rs. 4,33 lakhs or nearly 87 per cent—before allowing for terminal charges which, of course, the committees did not take into account.

I would mention two other striking results in this connection. The first is the actual reduction in expenditure . . . . The not controllable administrative expenditure, civil and military (which excludes the cost of collection of taxes and of the administration of Salt and Posts and Telegraphs expenditure), has been brought down from just over Rs. 76 crores in 1930-31 to just over Rs. 64 crores for 1932-33, a reduction of about 16 per cent.

The second fact is of a more distressing nature, but it indicates the magnitude of the effort which we have made. In pursuance of the retrenchment campaign the following appointments in the civil departments (including Posts and Telegraphs) have been or will shortly come under reduction so far as information is at present available—

Gazetted officers	299
Ministerial establishment and other superior establishment	5,279
Inferior establishment	1,485
Total .	7,063

Before I leave the subject of civil expenditure I must make special reference to one substantial change in the estimates before the House this year. This arises from the change in the constitutional position of the North-West Frontier Province. I summarise it by saying that a sum amounting to about Rs. 66¼ lakhs drops out from the Government of India receipts, representing the revenue for the area of the new Governor's province, while on the other side expenditure amounting to about Rs. 1,63½ lakhs is taken over by the province. The net difference between these two figures is a deficit of about Rs. 97¼ lakhs, and as against this our proposal is that the Central Government should give a subvention of one

crore to the new province. It is a subvention on this basis which appears in the demands for grants placed before the Assembly. It has been fixed at a round figure and gives the province a small margin about Rs. 2¾ lakhs. The subvention is to be operative for three years, or until the new constitution for India is inaugurated —whichever is the earlier. In either event the position will again be reviewed . . . .

The problem of fixing the subvention on a fair basis just at the present time of economic disturbance has been one of great difficulty . . . . In fixing the recurring subvention at the figure of a crore we have, I believe, dealt fairly with the new province, consistent with our responsibilities for other areas . . . .

Retrenchment in military expenditure.

I must now turn to the Army budget . . . . In September last I informed the House that His Excellency the Commander-in-Chief had agreed, as the Army's contribution in the national emergency, to accept a cut of Rs. 5¼ crores on his 1931-32 budget. I have now only to say that His Excellency has made good his undertaking in full, and that the estimate for the military budget in 1932-33, excluding again the special grant for the Territorial Force, stands at Rs. 46·65 crores . . . . His Excellency wishes it to be made clear that he cannot regard the budget figure at Rs. 46·65 crores as representing a new *standard* level of standing charges, and that the normal cost of the forces at their present strength when the cut in pay is restored must be recognized to be about Rs. 48 crores even if the prevailing low prices for grain, etc., continue . . . .

I cannot turn from this review of expenditure without again paying a tribute to the work done by the various retrenchment subcommittees . . . .

Before I conclude my review of the budgetary position I think it necessary to make certain general observations. The present occasion is an appropriate one to attempt something more than a mere bald enumeration of facts and figures and to take stock of the whole position. I say this for two reasons. In the first place we have in the last two years made some very important changes in our scheme of taxes, the effects of which ought to be carefully noted. In the second place the strain of the present economic crisis affords a good opportunity for testing the strength of the various parts of the structure on which our revenue depends.

• There are two important points which such an examination reveals, first the effect of recent protective policy on revenue, and secondly, the direction in which reserve powers of taxation to meet an emergency can be exercised.

Protective effect of import duties.

I will take these points in order. It is in our import duties that the most significant changes have been made. Among the customs import duties the two largest individual items were until two years ago those on cotton piecegoods and sugar. The recent increases in these duties—which formerly were regarded only as revenue measures—would in any case, and apart from any decisions which the Legislature has taken or may shortly take in regard to them, have given to them a highly protective character. It is obvious that as the protective effect increases, their value as revenue producers must diminish. The facts as regards cotton piecegoods are well known; but they are so striking that they deserve repetition. To-day we cannot reckon on more than about 900 million square yards of imports, as compared with an average of about 1,800 million yards for the post-war period up to 1929, and about 3,200 million yards before the war. It is on the present reduced quantity that we must rely for collecting duties. Taking the post-war years of normal prosperity and post-war prices, say 1922-23 to 1928-29, the average annual amount of import duties collected on cotton piecegoods was about Rs. 6½ crores. To-day, even with the higher duties, we cannot on the reduced quantities reckon on a revenue of more than Rs. 3¾ crores . . . .

Examination of taxation position.

I will turn now to the other point which I mentioned as worthy of examination—the way in which the stresses and strains of the present crisis are showing up the strengths and weaknesses of the various parts of our structure of taxation. This can be tested by seeing how the estimates of revenue from increases and from new taxes are working out.

In my review of the revenue estimates the fact which I have had chiefly to emphasize is the disappointing yield of customs duties. In spite of recent substantial increases and of the addition at various recent dates of such new duties as those on silver, machinery, and raw cotton, our final estimates for the current year show a total deterioration under customs of Rs. 2,90 lakhs as compared with the average for the 3 years 1928-29 to 1930-31. Now this result is of course mainly due to the general fall in the value of

exports and consequently in the purchasing power for imports, combined with the operation of subsidiary causes, such as the protective effect of certain duties to which I have already called attention. A more detailed examination, however, of the heads under which deterioration has occurred shows up some interesting facts.

Leaving aside cotton piecegoods which I have treated solely as an example of the effects of protection, the chief deterioration among other items in the current year, as compared with the three year average, occurs under the following heads.

Sugar, to which I have already referred, in spite of special large increases in the rate of duty, accounts for Rs. 1,49 lakhs.

Liquors, tobacco, motorcars and articles in the so-called luxury schedule with the basic rate of 30 per cent, which may be classed together as typical cases of articles required by the well-to-do classes, show a deterioration of Rs. 1,58 lakhs, or 22 per cent.

To these two examples may be added silver (for which I cannot make the same comparison as in the cases which I have just dealt with, because an import duty was only first imposed in 1930) which for the current year shows, as compared with 1930-31, a falling off of Rs. 1,23 lakhs despite the enhancement of the duty.

These three heads account for a deterioration of no less than Rs. 4,30 lakhs from what might have been regarded as the expectation of revenue in a normal year at much lower rates of tax. They cover articles other than prime necessities, for although sugar in some form is perhaps a general necessity, this description does not strictly apply to the kind of sugar which is imported.

On the other hand, if we turn to the main articles of consumption by the Indian masses we find a different picture, and the increases made in the rates of taxation are likely to provide substantial increases in revenue.

In the case of kerosene, for example, we expect to get in the current year, from excise and import duties combined, Rs. 3,57 lakhs, as compared with an average for 1928-29 to 1930-31 of Rs. 2,71 lakhs. Here, therefore, is a reserve to which we have been able effectively to turn.

Then again, as regards salt, the enhancement of 25 per cent in the duty seems to have had no appreciable effect on the consumption, and we are able to anticipate increased revenue in a full

year (apart from the immediate and temporary gain from the abolition of the salt credit system) of Rs. 1,60 lakhs over and above the normal revenue at the old rate.

I might here also mention two other articles of consumption by the Indian masses the results in regard to which are equally interesting. I refer to betel nuts and spices.

As regards betel nuts, the recent substantial increases in duty do not appear greatly to have affected consumption, for we are relying on a revenue of about Rs. 60 lakhs for the current year and Rs. 63 lakhs next year from this duty, as against a normal revenue before the increase of Rs. 33 lakhs.

A similar result appears in the case of spices. From those items (cloves, nutmegs and pepper) for which separate trade statistics are on record—and they constitute 80 per cent of the whole—we are able to anticipate a revenue of about Rs. 20 lakhs in the current year and of Rs. 22 lakhs next year, against a normal revenue before the increases in duty of under Rs. 9 lakhs.

The figures which I have given are of course, in a sense, only an illustration of well-known principles affecting the yield of taxes on articles of elastic and inelastic demand. But it is interesting to examine how these principles work out in practice. Such an examination of these examples indicates that a Finance Member must be brought to the conclusion that if in times of emergency he needs to raise extra revenue, then his most sure and reliable course is to impose slight increases in the taxes which fall on the masses of the population. A few annas per head from 300 millions is the most effective course, whereas attempts to extract heavy taxation from a limited class seem almost to have reached their limit. This is a conclusion which is not likely to be popular, but all who share in the responsibility for maintaining the financial position of India must face hard facts . . . .

What is the reason for this increase in the pressure on tax revenue? It is, as the figures which I have already given show, certainly not increased expenditure, for that is being enormously reduced. The real reason is the deterioration under other heads of Government receipts . . . . The main factors in this decrease —apart from the relinquishment of the provincial contributions—

have been deteriorations under the following three heads:—

(1) Net revenue from commercial departments,

(2) Finance heads, and

(3) Opium receipts.

The total receipts from these three heads for the five years 1923 to 1928 averaged Rs. 15·71 crores, while our estimate for 1932-33 only allows for Rs. 4·83 crores, a reduction of nearly Rs. 11 crores. Thus commercial departments which in the former period assisted revenue to an extent on an average of Rs. 6·77 crores will for next year show a net deficit of Rs. 19 lakhs. Finance head receipts (currency and mint and interest receipts) which in the former period produced Rs. 6·63 crores are reduced for next year to Rs. 4·41 crores, and opium receipts which produced a net profit of Rs. 2·31 crores come down next year to Rs. 61 lakhs net. Here are the real causes of deterioration, and on top of this must be added the following main facts; first, the provincial contributions which were Rs. 9·2 crores in 1923 have disappeared, and secondly, that the provision for reduction or avoidance of debt which for the five years 1923 to 1928 averaged about Rs. 4·5 crores has now gone up to about Rs. 7 crores . . . .

These figures indicate the main sources of the difficulties with which the Government has now to compete, quite apart from the inevitable falling off in tax receipts owing to the economic depression which would in any case have made it necessary to raise the rates. The first effort to deal with such a position should undoubtedly be to reduce expenditure. I have already given a detailed account of what we have done in this direction. But I would remind the House again of the main results. The controllable administrative expenditure under which I include military expenditure and all civil expenditure, other than debt services, extraordinary expenditure and the cost of tax collection, averaged for the five years 1923—1928 about Rs. 75½ crores and by 1930-31 it had increased to just over Rs. 76 crores. The provision for 1932-33 has been reduced to just over Rs. 64 crores, a reduction all round of about 16 per cent. The need for increasing tax revenue has been brought upon us not by swollen expenditure but by the tremendous drop in the returns from the economic activities of the Government and in the economic productivity of the country on which the revenue from taxation depends . . . .

"I will now turn to a review of the Ways and Means position for the current year and the next . . . . **The Ways and Means position, 1931-32.**

The outstanding features to be noted in the revised figures for 1931-32 are the heavy drawings on their reserves by the Railways; the reduction in Railway capital expenditure combined with the large increase in provincial Governments' drawings as compared with the original estimates; the fact that permanent debt was discharged to almost exactly the same extent as it was increased by new rupee and sterling loan; and lastly—and most important—the addition of approximately Rs. 35 crores to our resources as a result of the expansion of currency against treasury bills.

I will deal first with this last mentioned feature. During the years 1930-31 and 1931-32 the Government, in their capacity as currency authority, had to effect large contractions of the currency in order to avoid the development of an inflationary position having regard to the tremendous fall in world prices of all commodities. This process continued until September 1931 when the suspension of the gold standard in Great Britain, and the linking of the rupee to sterling instead of gold, produced a complete change in the situation. For various reasons a large demand for currency then arose in India. This demand enabled us to replace in the paper currency reserve a large part of the treasury bills which had been cancelled during the previous two years, and in this way to recover resources which had been temporarily lost by the previous contraction. As it had been necessary during 1929-30 and 1930-31, in order to meet contraction against rupee securities and silver, for the Government in effect to provide funds amounting to Rs. 43,60 lakhs, the net result on our Ways and Means position during the last three years of contraction and expansion has been to decrease our resources by about Rs. 8½ crores.

The expansion of Rs. 35 crores to which I have referred enabled us to meet large unforeseen demands and at the same time decrease our ordinary borrowings. In the budget for 1931-32 I assumed that sterling borrowing would be limited to the conversion of the £15 millions outstanding from the 5½ per cent 1932 loan maturing in January 1932. What actually happened was that a loan of £10 millions was raised in London in May 1931, but the 5½ per cent 1932 loan was repaid from the Home Treasury balances, the net result being that the sterling borrowings during the current **Loans.**

year will be £5 millions less than was estimated a year ago. The gross proceeds of the rupee loan amounted to Rs. 16,95 lakhs as against Rs. 15 crores estimated at the beginning of the year. The loan took the form of 6½ per cent treasury bonds, 1935 issued at par. The notable feature of this loan was that it was kept open " on tap " for a long period—from the 15th September to the 12th December—and that special facilities were given for subscriptions at all post offices doing savings bank business. The response in all the circumstances was extremely satisfactory. While the banks and the money market took comparatively small interest, small investors all over the country took full advantage of the additional facilities given. Of the total subscriptions of Rs. 16,95 lakhs, the total amount subscribed through the Post Office, including conversions, amounted to Rs. 6,52 lakhs. The lessons learned from the success of this loan in times of unprecedented difficulty should be of value for the future.

Owing to the fall during the current year in the price of Government securities, large purchases of the 5 per cent 1929-47 loan and the 5 per cent 1945-55 loan were effected from the balance in the depreciation funds of these loans. These purchases were mainly responsible for the increase of about Rs. 3½ crores in the amount provided in the current year for the discharge of permanent debt.

Railway outlay.

In spite of the reduction of the Railway capital outlay in the current year to Rs. 8,35 lakhs as against Rs. 11,45 lakhs provided in the budget, the effect of the Railway operations on our Ways and Means position is Rs. 7,59 lakhs worse than anticipated in the budget, owing to the large deterioration in the working results of the Railways . . . .

In order however to correct undue pessimism I must point out that the total amount set aside by the Railways for depreciation in the current year is Rs. 13·43 crores, and that the amount to be drawn from the depreciation fund is Rs. 8,25 lakhs for actual expenditure on renewals and Rs. 4,52 lakhs to meet the deficit, or a total of Rs. 12,77 lakhs. Even therefore after providing for this latter deduction, a surplus of Rs. 66 lakhs remains to be added to the balance in the fund.

Provincial drawings.

The provincial drawings have been exceptionally heavy . . . . Most provincial Governments are faced with heavy deficits, and

in some provinces loans to agriculturists on a large scale have had to be granted . . . . The net result is that provincial drawings are expected to be about Rs. 6 crores more than was estimated at the beginning of the year . . . .

The estimated revenue deficit of Rs. 13,66 lakhs will remain uncovered and will be an addition to the public debt.

Ways and Means, 1932-33.

The Ways and Means programme for next year is necessarily tentative and subject to modification in the light of the actual circumstances which may arise. Railway capital expenditure has again been drastically reduced . . . . To appreciate the magnitude of this reduction, which represents the culmination of a policy which we were forced to initiate in 1929, the current figure of Rs. 4,15 lahks must be compared with the past figure of no less than Rs. 29,35 lakhs in 1928-29 and Rs. 30,16 lakhs in 1929-30.

The borrowing programme of the provinces has also been reduced to a minimum this year . . . .

Borrowing programme, 1932-33.

With this reduced provision for Railway capital expenditure and for the provinces, I estimate that it will be possible to reduce the amount of treasury bills held by the public by about Rs. 7½ crores from our current resources, and that we shall not have to raise any loans during the year except for the purpose of meeting or converting maturing loan obligations. As regards the latter, the 6 per cent sterling bonds 1932-33, which Government have the option to repay on the 15th June 1932, will in any case be repaid. In the estimates which I am now presenting I have treated the funds for this purpose as being provided by corresponding new borrowing in London. But it is quite possible that this will not be necessary. If exchange continues as at present it appears likely that we shall be able to repay these bonds without borrowing in London, the necessary funds for the purchase of the sterling required being provided by borrowing in India. As regards rupee loans, I am reckoning that we shall issue a loan of Rs. 14½ crores, *i.e.*, the amount required to provide for the repayment of the 6 per cent bonds 1932 falling due on the 1st October 1932. I would add that if the recent improving tendency in the Government securities market continues, it should be possible to raise a larger loan in India on favourable terms and in that case we shall probably take advantage of this opportunity to fund a part of the

floating debt and thus reduce this to a greater extent than the Rs. 7½ crores which I have allowed for meeting out of current resources.

Home charges.

A year ago it was estimated that the net requirements of the Home Treasury would be £33⅓ millions. During the first six months of the year the weakness of exchange which had been a feature of previous years increased owing to the export of capital and international complications. The Government not only were unable to purchase sterling, but in order to implement their obligation under the Currency Act, had to sell sterling to the extent of about £14 millions. This amount was obtained by drawing on the securities in the reserves, while in addition to this amount £9 millions were found from the same source to meet the ordinary requirements of the Home Treasury. After the suspension of the gold standard by Great Britain the rupee-sterling exchange soon gathered strength mainly due to the export of gold. Before the end of October the tide had definitely turned and Government were able to effect remittances to London through the market. The total purchases of sterling on treasury account during the year have been taken for the purpose of my estimates at about £35¼ millions. It is assumed that if sterling purchases exceed this amount the surplus will be added to the currency reserves. Taking into account the £9 millions which were drawn for Home requirements from the reserves, the total amount provided for the requirements of the Home Treasury for the year will on my estimates amount to about £44¼ millions, or about £11 millions more than was estimated at the beginning of the year. This surplus has been used partly to provide for the net reduction of about £5 millions which, as I have already explained, has been effected in the sterling debt, *i.e.*, a repayment of about £15 millions 5½ per cent sterling loan, less a new 6 per cent sterling loan for £10 millions issued in May 1931. The remainder will be retained in the Home Treasury balance, making the closing balance for the year £10·8 millions. This large closing balance will be a reserve for meeting our sterling requirements next year. With this reserve in hand, unless the whole or part of the 6 per cent 1932-33 bonds is repaid from balances, a remittance of £24½ millions will suffice to meet our needs in 1932-33. If further sterling remittances over and above these two requirements are obtained it will be appropriate that they should go to the strengthening of our currency reserves.

Expansion of currency.

I must now make a few general remarks on the currency position with particular reference to the criticisms of the recent expansion which have been appearing in certain sections of the Indian press . . . . Put very briefly what is said amounts to this—that the recent expansion of the currency is not justified by any rise in rupee prices; and that the Government is in effect using the note printing press to meet its own requirements, thereby causing a dangerous inflationary position . . . . But so long as our exchange is pegged to something external—either gold, or, as at present, an external currency like sterling, we cannot in fact expand or contract currency beyond the actual requirements of the public which uses that currency without the results becoming apparent in our exchange position . . . . The great improvement which has recently taken place both in our credit and exchange is the most effective answer which I can give to Government's critics . . . .

The criticism has in one respect a certain interest, because its very nature points to one feature in the Indian situation which we all admit to be undesirable—namely, that the Government is also the currency authority . . . . In those difficult eighteen months which preceded last September, when our revenue was falling short of our actual outgoings, we did not hesitate to perform our duty as currency authority by drawing off the market that surplus money which had to be withdrawn in order to maintain stability of exchange. We had to raise our floating debt not merely to meet our revenue requirements, but to a far greater extent in order to contract surplus currency. That process reacted most severely on our budgetary position and made the deterioration in our general financial position appear far greater than was really the case . . . . To-day the wheel has turned, and the improvement in our position as currency authority is favourably influencing both our general financial position and our budgetary equilibrium. But we are really doing no more than recovering a part of the ground that we lost last year, and we have not created a single pie of currency beyond what the public requires . . . . . In three years the Government in performing their duty as currency authority have had to lose resources of Rs. 8½ crores . . . . To those who say that the recent rise in prices has not been sufficient to justify the extent of our expansion I can only answer that the public whose needs we as currency authority have to supply has

absorbed the money. There is no evidence of an undue surplus . . . . We can assert with the greatest assurance that the present position is sound.

Export of gold.

On the other hand it is quite obvious that the recent improvement in the exchange position and in the demand for currency has been very largely due to the sale and export of gold . . . . I would draw a distinction between the export of gold from private holdings and any loss of gold from our monetary reserves . . . . There has been no loss of gold from our monetary reserves. On the contrary our holding has largely increased in the current year. Therefore, so far as the backing to our currency is concerned, there has been no weakening of the position . . . . At present values India has imported over Rs. 700 crores' worth of gold in the last 30 years alone. Her total holdings must vastly exceed this quantity. In relation to these accumulated stores, exports of about Rs. 50 crores' worth sink almost into insignificance. What is happening now has not yet in fact appreciably affected India's position as a holder of gold. In the meanwhile the export is giving India a favourable trade balance and enabling her people, who are in this way realizing a small portion of their reserves, to tide over the present terribly difficult times . . . . Reserves are being drawn upon in hard times, and of what use is a reserve if it can never be drawn upon?

What is the special and unique quality of gold which justifies the holding of it? Surely its quality as a reserve which in the last resort is, according to the present world system, the only ultimate sure method for settling obligations as between one country and another. But if this is accepted, then the necessary implication is that the gold must on occasions be used for this purpose. If it is never to be used it might just as well be at the bottom of the sea . . . . Is it true that there are any special circumstances which make it necessary to hold on to gold now? On broad grounds I should give a directly contrary answer. What is the essential feature of the world position to-day? Surely that gold in terms of commodities is grossly overvalued. Its overvaluation means that all those to whom fixed payments in money based on gold are due have to receive far too large a share of the world's production. The present low level of commodity prices, or, to express it the other way round, the present overvaluation of gold, is just exactly *the* calamity from which the world is suffering, and unless it is set

right then one of two results must happen; either the whole of our present economic system will collapse, or all the currencies of the world will have to detach themselves from gold. England, and with her more than half the world, has already had to accept the latter result. America, still on gold, is in terrible difficulties, and is straining every effort to find a policy which will bring about a rise in the gold prices of commodities, or, in other words, a fall in the value of gold. If she succeeds her present currency system may survive. If she does not, she too may be forced off the gold standard. This is no exaggeration of the position. It is impossible to escape the conclusion that the world is faced now with two alternatives, *either* to find some means (by better international arrangements and the better use of the available monetary stocks of gold) for reducing the real value of gold as expressed in commodities, *or* to abandon gold altogether as the basis of currency. If those are the two alternatives then surely one is forced inevitably to the conclusion that in either case—whichever of the two alternatives actually happens—it would, taking a long view, pay to part with gold now. Why therefore should the people of India be deprived of the right to exercise their own judgment in this matter and sell their gold? My critics would answer " Let them do so, but let the Government buy it and use this opportunity to build up reserves for starting a Reserve Bank ". But to this there are clear answers. First, " For the Government as currency authority to buy gold now that the currency is divorced from gold would be a pure speculation." Secondly, " The Government could not afford to buy and hold all the gold which is being offered now, for it has its own external obligations to meet." Thirdly, " If currency reserves are required, and if we could afford now to accumulate them, we have already our proper proportion of gold. It is rather external securities that we need to complete an ample margin of reserves." Fourthly, " We are indirectly acquiring sterling securities against the gold exports so far as the proceeds are not required to meet the balance of payments due on private account. So far as our financial position permits of it we shall use these securities to increase our currency reserves."

I come now to the last point in the critics' arguments,—that we are doing something which no other Government in the world is doing in permitting the export of gold. On this point there is

extraordinary ignorance or misconception. As a general proposition, it is true to say that where the Government of any other country to-day has prohibited the export of gold, it has taken this action in practically all cases as a measure of exchange control. In England there is no sort of restriction on the export of gold. South Africa, France, Belgium, Holland, and of course the United States have absolutely no restrictions. Nor has even Australia at present. Two important countries have restrictions—Canada and Japan. In both these cases restrictions are features of exchange control—and fortunately we have no need to impose any control over exchange operations in India to-day. I say fortunately, because nothing is more damaging to commerce than that.

We have given this matter our most constant and careful consideration ever since last October, when the process began, and we are absolutely certain that in present circumstances the best interests of India are being served by allowing free movement of gold to continue—that in fact this movement is proving that India's gold resources are an immense reserve of strength, the moderate employment of which is saving her people at present from much suffering and preserving the balance of payments and the credit of the country as a whole in times when other countries, particularly countries whose economic conditions resemble those of India, are sorely strained . . . .

What are the signs at present? We are free from hampering measures of exchange control; exchange is strong; our credit has improved; we have reduced our external obligations and strengthened our reserves, thereby saving the taxpayer interest charges, and improving the chances for raising fresh capital when this is needed for the development of the country; the bank rate has come down from 8 to 6 per cent, and as a result all who are engaged in trade and industry have obtained great relief; while, as another result, Government securities are rising, a fact which in its turn is improving the position of all banks and investors. If anyone fails to see benefit to the public in all these signs he must be blind indeed.

General review.

It has been necessary to cover a wide field in this speech. On a broad review I think we may feel satisfied with the position. We can face next year with a prospect of a fairly substantial surplus, while even though the current year is closing with a

nominal deficit, if we take into account the provision which we are making from revenue for reducing our debt, we can actually reckon on a surplus of receipts over expenditure for the two years combined . . . . Even if the sales of gold may to some extent represent a forced realization of savings, yet as against this there are indications that the masses in India still have a considerable amount of money available for investment . . . . Then, again, certain industries at least are in a healthy condition. I alluded in the course of the last financial debates to the state of the cotton mill industry, which I still claim to be the only large staple industry in any country in the world which is not only fully employed, but expanding, to-day; and which increased its production for 1931 by about 400 million yards as compared with 1930. The sugar industry is also expanding rapidly, and according to our information thirteen important factories are in course of erection while seven more are being planned.

Lastly, one may point to the easing of money rates, the repayment without borrowing or drawing on our reserves of £15 millions in January, and to the recent very striking improvement in the price of our Government securities both in India and in London . . . . This rise in Government securities does not of course in itself indicate a revival of trade. But such a movement is a natural prelude to general recovery, which must have brought about an enormous improvement in the position of all the banks and made them stronger to give support to a revival of trade when the conditions justify such action. Apart from Government securities there has been a general rise in the prices of the leading investment stocks . . . .

But while our budgetary position is sound . . . . the conditions in the world are so disturbed that no Finance Minister can possibly present his estimates as infallible . . . . What is required above all is a general rise in prices, and an economic revival throughout the world which will lead to an increased demand for our products. Our own action alone cannot provide this. International action is required . . . .

I have dwelt on world conditions and said little about internal political conditions. Here the mere fact that constitutional changes are impending makes it all the more necessary that we should preserve the country's financial foundations in a sound condition and

convince the world that any future Indian Government will so maintain them . . . .

In the picture which I have drawn I have tried to give a fair account both of the conditions which encourage hope and of the factors which call for caution . . . . We have in the past year ridden a storm which might well have wrecked us, but we have emerged from it stronger than before. We have overhauled our expenditure and reduced this to a level which should leave us a margin of revenue when any economic recovery begins, and at least substantially ease the financial problems at the start of the new constitution. Difficulties there are which still remain to be overcome, and tasks to be accomplished . . . . In the meanwhile, if we look round the world in the present times of difficulty, we may fairly claim that there is no country in the world whose intrinsic financial position is sounder, or whose ultimate prospect of economic advance in the future is more bright.

The Railway Budget.

We propose to conclude this chapter with a brief review of the railway budgetary position as disclosed by Sir George Rainy, the Commerce Member, when presenting the Railway budget for 1932-33 on the 25th February 1932. The Commerce Member said:—

Financial results of 1930-31.

"... The anticipations we formed a year ago as to the financial results of the working of the railways in 1930-31 were very nearly fulfilled. We expected that the loss on all the railways, both commercial and strategic, would be Rs. 5¼ crores, and that it would be necessary to withdraw nearly Rs. 11 crores from the reserve in order to pay the contribution to general revenues. The actual sum taken from the reserve exceeded the estimate by only Rs. 6 lakhs . . . .

Revised estimate for 1931-32.

If my estimate of the financial results of 1930-31 proved to be very near the mark, the case is far otherwise with the current year. We budgeted for a heavy reduction of expenditure as a result of the economy measures which railway administrations had already started, and here our expectations have been more than fulfilled, for our working expenses are likely to be less by nearly Rs. 3 crores than the budget figure. But this result, satisfactory in itself, is far more than counterbalanced by a substantial decline in our earnings. The figures I shall give in order to explain the position are those for the commercial lines, for the loss on the strategic railways at Rs. 2 crores is very close to our estimate, and it is unnecessary to refer to them further.

When I presented the budget estimates for the current year to the House, I anticipated an improvement in the gross traffic receipts of about Rs. 6 crores. Of this sum, Rs. 2 crores were expected to accrue from minor alterations in rates and fares, and for the rest it was assumed that the latter part of the year would show some improvement in traffic . . . . Our hope that the cold weather of 1931-32 would be marked by an upward tendency in trade and some relief of the prevailing economic depression has not been fulfilled . . . . Instead of being about Rs. 6 crores higher than the previous year, our traffic receipts are lower by more than Rs. 8 crores. Both goods earnings and passenger earnings have fallen off by about $8\frac{1}{2}$ per cent, and every class of traffic has been affected . . . . We placed the total receipts at Rs. 101 crores and the total charges at nearly Rs. 98 crores, leaving a surplus for the year of Rs. 3 crores . . . . Actually, our total receipts are now estimated at Rs. $86\frac{1}{2}$ crores and our total charges at Rs. 94 crores, so that instead of a surplus there is a deficit of Rs. $7\frac{1}{2}$ crores. This figure is raised to Rs. $9\frac{1}{2}$ crores by the loss on the strategic railways, and it becomes necessary to exhaust the balance of the reserve fund, not in order to pay a contribution to the general revenues but to meet a part of the deficit. The amount in the reserve fund does not exceed Rs. 5 crores, and in order to balance the accounts the only expedient open to us is a temporary loan of Rs. $4\frac{1}{2}$ crores from the depreciation fund. In effect this means that after paying our obligatory interest charges, the balance remaining falls short by this amount of the full allotment for depreciation.

Estimates for 1932-33.

For the year 1932-33 we estimate that our total receipts will be Rs. $88\frac{3}{4}$ crores and the total charges Rs. $94\frac{1}{4}$ crores. The loss on the commercial lines is therefore Rs. $5\frac{1}{2}$ crores, and to this must be added the loss on the strategic railways of Rs. 2 crores, the total deficit for the year being Rs. $7\frac{1}{2}$ crores. As there is now no balance in the reserve fund, the whole of this sum has to be made good by a temporary loan from the depreciation fund . . . .

Our estimate of earnings is based on the assumption that the volume of traffic will be about the same as it has been during 1931-32 . . . . Our working expenses next year are expected to be nearly Rs. 2 crores lower than in this year. Out of this sum Rs. $1\frac{1}{2}$ crores is due to the emergency cut in pay. The balance is not far short of Rs. 50 lakhs, but account must also be taken of an

automatic increase of Rs. 25 lakhs in the amount required for depreciation, and an increase in fuel charges by Rs. 37 lakhs owing to the surcharge on coal freight. When allowance is made for both these factors, the reduction in working expenses, apart from the cut in pay, is raised to about Rs. 1 crore. If this result is achieved, the position will not I think be unsatisfactory. It is to be remembered that by the end of the current year 400 miles of new lines will have been opened, and there is also an automatic increase in expenditure caused by the annual increments earned by the staff . . . . But there is no intention that the economy campaign should be relaxed in the slightest degree.

Capital programme.

The programme of new works has been ruthlessly pruned. The total sum provided is only Rs. 9¾ crores, of which the major portion is debitable to the depreciation fund. To cut down our development work to this extent is only possible by limiting the sums allotted for new construction to Rs. 1 crore, which will enable us very nearly to complete all the lines now under construction . . . . By the end of next year the capital expenditure to which Government stands committed will be reduced to a very low figure . . . ."

Having thus reviewed the budgetary position Sir George Rainy in the course of the rest of his speech made the following observations on the subject of increase in freights and fares.

Increase in freights and fares.

" On the revenue side we have endeavoured to alleviate our difficulties by making certain increases in rates and fares where it seemed likely that by this means additional income could be obtained. The increases made have been mainly in connection with coaching traffic, including both passenger fares and parcel rates, but about six weeks ago a surcharge of 15 per cent was imposed on coal freights apart from shipment and bunker coal, and this is by far the most important change in goods rates. I refer especially to this increase, because I should have been most unwilling to agree to it had the financial position of the railways been less serious than it is. I have long held the view that it is in the interests of the railways to keep coal freights at the lowest level commercially possible, because cheap coal is essential to industrial development and industrial development means increased traffic for the railways. But on this occasion circumstances left no alternative. It could not be doubted that a higher charge, to the extent imposed, could in fact be realized without diminishing traffic,

and even with the addition made our coal freights still remain at a very low level.

In my budget speech last year I explained my view that no solution of our difficulties was to be found in any general increase in the level of freights and fares, and all that has occurred since then has strengthened the conviction which I then formed. Conditions being what they are, and the root cause of all our difficulties being the lack of purchasing power of the community as a whole, any general increase in freights and fares would defeat its own object. The subject which has engaged my own attention during the last year has been rather the converse question whether we might not secure increased revenue from a reduction in freights on certain commodities owing to the expansion in the volume of traffic which might follow. But I have not yet been able to satisfy myself that a freight reduction in any class of agricultural produce could be effected without a substantial loss of earnings, and as things stand to-day such a loss could not be faced. The sole experiment we have made in this direction, namely, the reduction in the wheat freight to Karachi, was not so successful as to encourage us to undertake further experiments of the same kind . . . .

The question of cotton freights received special attention, and had prices remained at the level which they touched at the beginning of September last, there was great reason to apprehend that the existing level of freights could not be maintained, since it was becoming doubtful whether, without a reduction, the crop would move. The departure from the gold standard however in that month brought about an immediate rise in cotton prices, and this tendency became subsequently still more accentuated owing to an unexpected shortage in the cotton crop, especially in the Central Provinces and Berar. With prices as they now stand, Government are satisfied that there is no danger that the cotton crop will not move, and no adequate grounds have been established for the reduction in freight . . . .”

CHAPTER VII.

Health and Education.

Scope of chapter.

Public health and education are primarily the concern of provincial Governments but the Central Government still exercises certain residuary functions in connection with these subjects. As regards public health, these functions consist generally in dealing with infectious diseases by preventing their introduction from outside by land or sea, their spread from province to province within the country, or their dissemination from India to other parts of the world. In education, the Government of India's main responsibilities relate to areas which are centrally administered (until it became a Governor's province in April 1932 the North-West Frontier Province was the most important of these areas) and to Chiefs' Colleges, the University of Delhi and the denominational universities of Benares and Aligarh. In this chapter we shall deal solely with such aspects of public health and education as are from their nature matters of " all-India " concern or are directly controlled by the Government of India.*

Public Health.

Before describing the ordinary public health administration of the year mention must be made of retrenchment. The main recommendations of the retrenchment committee were the abolition of the appointments of Director-General, Indian Medical Service, and Public Health Commissioner with the Government of India, and the reduction of the grant in aid to the Indian Research Fund Association. As regards the first recommendation the Government of India decided after careful consideration that until a General Medical Council for India is established and the form of the new constitution is settled, these two important posts could not be abolished without jeopardising vital Indian interests. It was however decided to reduce the grant to the Indian Research Fund Association for the year 1932-33 from Rs. $7\frac{1}{2}$ lakhs to Rs. $1\frac{1}{2}$ lakhs, a cut which though severe is not expected to lead immediately to any serious curtailment of the Association's activities as it has large accumulations upon which to draw. In addition, expenditure on the All-India Institute of Hygiene and Public Health, constructed and equipped little more than a year ago with the help of a

Retrenchment.

* It must be understood that the statements made here on medical matters are provisional. Authoritative pronouncements on these subjects are contained only in the annual report of the Public Health Commissioner with the Government of India (the latest of which, at the time of writing, relates to the year 1930), and associated publications.

generous donation from the Rockfeller Foundation of New York, has for the present been limited to Rs. 2 lakhs.

Epidemic diseases.

To deal now with the epidemic diseases, the cholera situation in 1931, apart from the large seasonal increase in Bengal where 54,487 cases were registered as against 34,342 in the previous year, was generally less serious than in 1930. About 250,000 cases were recorded in the whole of India as compared with 367,000 in 1930, some 44 per cent of the total occurring during the third quarter of the year. During the year as a whole the incidence of the disease increased appreciably in the Madras and Bombay Presidencies but declined elsewhere, in Burma and the United Provinces being only about half of that in 1930. In the first quarter of the year the disease was mainly confined to the Madras and Bengal Presidencies where 56 per cent and 33 per cent respectively of the total reported cases (40,586) were registered. In the Madras Presidency the incidence rose abruptly at the end of 1930 and, reaching its climax towards the end of January, remained abnormally high until March 1931 when the epidemic began gradually to subside. Bengal also began to show signs of improvement at the same time. As in 1930 the third quarter was the worst affected period of 1931, the incidence increasing in the United Provinces, Bihar and Orissa, the Central Provinces, Bombay and Hyderabad. The decline towards the close of the year was marked in Bihar and Orissa, the United Provinces and Madras Presidency, where the incidence was appreciably lower than the quinquennial average for 1926-30; but the disease again increased in Bengal, 40 per cent of the total number of cases in the last quarter of the year being recorded in that Presidency.

Cholera.

Small-pox.

The improvement in the small-pox situation remarked in previous years continued during 1931. Totals of 88,000 cases and 18,000 deaths were registered as compared with 215,260 and 48,860 respectively in 1930, and more than 80 per cent of these occurred in the first half of the year, the incidence being at its highest in March and April. The disease was at its worst in Bihar and Orissa and Bengal and elsewhere was mild.

Plague.

During 1931 the incidence of plague increased, recorded cases and deaths being 44,787 and 28,423 as compared with 35,644 and 23,825 respectively in 1930. Nearly 50 per cent of the total number of cases occurred during the first quarter of the year; the United

Provinces suffered most with more than 30 per cent, and the incidence also rose in the Punjab, Bihar and Orissa and the Central Provinces. A marked improvement took place in the second quarter although the incidence was still well above that of the corresponding period of the preceding year. During the third quarter the disease was conspicuously absent from northern India but the incidence curves rose in Bombay Presidency, Mysore State, Central Provinces, Burma and Madras. In the last quarter more than one third of the total recorded cases occurred in the Central Provinces alone.

Kala-azar. The position with regard to kala-azar has been described in previous reports. The Kala-azar Commission continued its treatment campaign in Assam during the year and is still unable to report complete proof that *P. argentipes* is the transmitting agent of the parasite.

Leprosy. The report of the Indian Council of the British Empire Leprosy Relief Association for the year 1931 shows that steady progress is being made in the campaign against leprosy. It is however necessarily slow and uphill work and it may take many years to effect a substantial reduction in the incidence of the disease. The work is not assisted by the tendency of many sufferers to conceal their malady. Happily however there has been definite improvement in this respect, as is shown by the large increase in the number of lepers revealed by the 1931 census as compared with that a decade before; and the figures resulting from the Association's survey in the Madras Presidency suggest that even the 1931 census figures fall short of the reality. This increase in the number of known lepers suggests that the different manifestations of the disease are now better understood and that prejudice and ignorance are slowly being defeated. On the other hand the problem has assumed far greater dimensions than when the Association first began its work. Nevertheless progress has been made in various directions. Not only has a larger number of leprous patients attended the clinics, but these have shown a more sustained interest in the treatment with the result that it has been possible to record a larger number of " cures " or " symptom free cases ". Special leprosy officers have been appointed in Bengal, Bihar and Orissa, Madras, the Punjab, the United Provinces and the Western India States. The number of treatment centres has increased in many provinces notably in Bengal, Bihar and Orissa and Madras.

Propaganda work has been done at big fairs. Many doctors have been trained locally and medical students have been given special courses of lectures in the latest methods of diagnosing and treating leprosy. Intensive local surveys have been made in Bengal, Bihar and Orissa, the Central Provinces, Mysore, Madras, the Punjab and the United Provinces and these have revealed many fresh and interesting data. During the year under report work was hampered to some extent by the prevailing financial stringency, for the assistance previously rendered by many local bodies was curtailed and in some cases withdrawn altogether. Fortunately however the Association is maintained by an endowment fund which in the year under report yielded Rs. 1,22,500, of which Rs. 27,000 was spent on research, Rs. 21,000 on survey operations and Rs. 6,000 on propaganda material. In addition 81 doctors were trained in the special treatment of leprosy.

Medical Research.

We propose now to review the field of medical research. The Indian Research Fund Association received the usual contribution of Rs. 7½ lakhs from the Government but owing to the need for economy the Association had to abandon part of its approved programme of work. Nevertheless, during the year under review the Association financed 57 enquiries into various diseases at an estimated cost of Rs. 8½ lakhs. These investigations covered a wide field and included various problems associated with malaria, plague, cholera, anti-rabic vaccines, kala-azar, leprosy, helminthological and nutritional diseases, the use of bacteriophages in dysentery and cholera, maternal mortality, morbidity in child birth, sprue and the anæmias of pregnancy. In addition researches were undertaken into the causation of fœtal and maternal dystocia, the value of certain indigenous drugs, the causes and effects of drug addiction, skin diseases, diabetes, the blood changes occurring in certain tropical diseases, spirochætosis transmission, the histology of the spleen and bone marrow, filariasis, ostemalacia and the secretion and composition of gastric juice in Indians. An anthropological inquiry to determine age for medico-legal purposes was also undertaken. Malarial enquiries which are for the most part conducted by the Malaria Survey of India at Kasauli were supplemented by independent researches at the School of Tropical Medicine and Hygiene, Calcutta.

In addition to its contributions towards the cost of two professorships at the Calcutta School of Tropical Medicine and

Hygiene and the salary of the director of leprosy inquiries, the Association also made a grant of Rs. 15,000 to the Assam Medical Research Society which is investigating the malaria problems of that province.

The ninth meeting of the Conference of Medical Research Workers was held in Calcutta in December 1931. As has been explained in previous reports this Conference meets in order to discuss the general policy of medical research in India, including the possibilities of new investigations, and the views expressed at the Conference are taken into consideration by the Scientific Advisory Board when determining the programme of work for the ensuing year. The Scientific Advisory Board met as usual after the Conference and formulated proposals for 1932-33 but owing to anticipations of a substantial reduction in the Government of India's contribution for the year 1932-33 their programme had later to be revised. The question of the formation of a cholera commission mentioned in our last report was carefully considered by the Scientific Advisory Board and the Governing Body in September, and it was decided in view of the financial situation not to proceed with the project. The bacteriologist whose services had been sought in that connection was however appointed and is proceeding with independent researches at the All-India Institute of Hygiene and Public Health.

The construction of a Central Medical Research Institute has similarly been postponed pending improvement in the financial position. This decision involved the immediate repair and improvement of the existing Central Research Institute at Kasauli and the Association has allocated a sum of Rs. 2,11,000 for the purpose, the money to be realized by the sale of securities.

The controversy arising from the decision of the General Medical Council of Great Britain to withdraw its recognition of Indian University medical degrees, leading eventually to a proposal to establish an All-India Medical Council, has been described in previous reports. A bill implementing this proposal was circulated in August 1931 and introduced in the Legislative Assembly at the close of the year under report.

Haj Pilgrimages.

During the year the Government of India in consultation with the Standing Committee on Pilgrimage to the Hejaz practically concluded their examination of the recommendations of the Haj

Inquiry Committee. As a result of the decisions reached three bills were introduced in the Legislative Assembly in March 1932. The first of these bills is designed to amend the Indian Merchant Shipping Act 1923 so as to prevent persons proceeding on the pilgrimage without the means of returning to their homes; to prohibit the insanitary and dangerous practice of allowing pilgrims to cook their own food during the voyage and to compel the supply of cooked food by the shipping company; and to make immunization against cholera and small-pox compulsory on pilgrims prior to their departure from India. The second bill provides for the establishment of Port Haj committees in the principal ports of pilgrim traffic to assist pilgrims proceeding to or returning from the Hejaz. The third bill has for its object the regulation of the activities of persons in British India who offer to assist Muslim pilgrims to the Hejaz. Other important incidents of the year in connection with these pilgrimages were the preparation and free distribution of a "Guide for Pilgrims to the Hejaz" in English and Urdu; the reduction of the amount to be deposited by pilgrims to defray the cost of the inward passage from Jedda; and the continuance during the pilgrim season of 1931-32 of reduced deck fares, originally announced for the 1930-31 season only.

The number of Indians undertaking the annual pilgrimage to the Hejaz has been steadily falling for some years. In 1931 those who travelled by sea numbered 7,276 as compared with 11,061 in 1930 and 26,496 in 1927. On the conclusion of the pilgrimage of 1931 the Government of India sanctioned the repatriation at a cost of about Rs. 13,240 of 318 destitute pilgrims stranded at Jedda.

The drugs problems.

We may now consider the problems that arise in this country from the abuse of intoxicating drugs. The opium policy has been described in some detail in previous reports. As regards the export of opium the Government of India's policy is governed by international agreements but has actually gone considerably further than these require. During the 12 years ending with the year 1931-32 the area under poppy cultivation has been reduced by 75·4 per cent and is now almost confined to the United Provinces where the area cultivated in 1931 was 36,537 acres. Developments in internal policy have consisted in the enactment by provincial Governments of legislation designed to suppress or limit the actual smoking of the drug, which constitutes a problem quite distinct from its use by

eating as an indulgence and more particularly as a quasi-medical preventive of malaria.

The Dangerous Drugs Act.

To deal now with the events of the year under report, the Dangerous Drugs Act came into force just before the year opened. The act regulates the production and manufacture of opium for export and internal production and the distribution and supply of prepared opium, coca leaves and manufactured drugs; and also contains a clause giving local Governments certain control over illicit transactions in dangerous drugs, especially in regard to traffickers having their headquarters in but operating outside British India. Opium production in the Indian States is naturally a complicating factor. During the year under report the Government of India decided to purchase all old stocks of opium in the various States, and to regulate and if possible reduce poppy cultivation in the States by arranging for the supply of crude opium to the Government on a quota system on the understanding that these quotas will not be reduced except *pari passu* with the diminution of production in British India.

Opium smoking.

As regards opium smoking, in Burma where only registered smokers may possess prepared opium, the Government have appointed a committee to examine opium policy in the light of the recommendations of the League of Nations Commission of Enquiry into opium smoking in the Far East and are considering whether it is not possible further to regulate the habit by licensing approved smoking saloons. In Bengal legislation was passed during the year penalising the smoking of opium by persons other than registered smokers. In the Central Provinces opium smoking has been totally prohibited with effect from June 1932. The Governments of Madras, Bombay and the United Provinces are also contemplating legislation to prohibit opium smoking. In November of the year under report an international conference was held at Bangkok to consider the recommendations of the League of Nations Commission of Enquiry into opium smoking in the Far East, at which the Government of India were represented. The ratification of the decisions finally reached by the conference is under consideration by the Government of India in consultation with the Government of Burma. Negotiations were in progress during the year with Indian States with the object of concluding extradition treaties in respect of persons connected with illicit traffic in dangerous drugs.

Extradition treaties with foreign governments are also under consideration.

International co-operation in medical matters.

The Government of India maintained their interest in international co-operation in medical matters and were represented at the 17th session of the Health Committee of the League of Nations Health Organization held in Geneva in May 1931 and at the session of the *Office International d'Hygiene Publique* held in Paris in May 1931. In addition a representative of the Government of India was present as a visitor at the 42nd Congress and Exhibition of the Royal Sanitary Institute, London, held at Glasgow in July 1931, and at the fifth Imperial Social Hygiene Congress held in London in July 1931.

Two important medical matters mentioned in our last report were under examination during the year in consultation with local Governments. These were the report of the Drugs Enquiry Committee and the question of amending the Indian Medical Degrees Act so as more effectively to prevent the use by unqualified persons of titles implying the possession of recognized medical qualifications.

Women's Medical Service.

Before leaving the subject of health we must refer to the important activities on behalf of the health and material welfare of women and children in India. The Women's Medical Service suffered to some extent in its training activities during the year from the need for retrenchment. The growth of confidence in the Service and of the popularity of its hospitals is shown by the increase in the number of in-patients treated; in 1931 it reached 41,386 as compared with 29,621 in 1925. This realization of the benefits of treatment in hospitals staffed by women has been to some extent assisted by improved communications. A journey of 50 miles or so to a headquarters station in a motor bus is much less of an undertaking than in the days when it could only be performed by bullock cart; recently *purdah* women journeyed to the Zenana Hospital at Peshawar from as far away as Kabul. The largest institution maintained by the Service is the Lady Hardinge Medical College and Hospital at Delhi. Following an investigation into the finances of the institution the Government of India are considering in consultation with local Governments a proposal to levy a *per capita* charge in respect of students trained at the instance of a local Government or an Indian State. An arrangement on these lines should materially assist the finances of the college.

Indian Red Cross Society.

The year 1931 saw a definite advance towards the co-ordination of voluntary health and welfare work in India and an expansion of the activities of the Indian Red Cross Society. In January the Society was amalgamated with the Lady Chelmsford All-India League for Maternity and Child Welfare and the Victoria Memorial Scholarships Fund, and soon afterwards the Maternity and Child Welfare Bureau was opened. Later in the year this Bureau took over the administration of the Army Child Welfare Fund from the Lady Birdwood Army Welfare Committee. Simultaneously with the creation of the Bureau a Junior Red Cross Section was inaugurated. During the year also the King George Thanksgiving (Anti-tuberculosis) Fund, which had been handed over to the Society at the end of 1930, began operations on an all-India basis. In the Red Cross headquarters at New Delhi are now housed the Indian Councils of the St. John Ambulance Association and of the British Empire Leprosy Relief Association (to both of which the Society lends the use of its secretariat), the Countess of Dufferin's Fund, the Women's Medical Service and the Lady Minto's Indian Nursing Association.

At the end of 1931, the Indian Red Cross Society had twenty provincial and State branches and 144 district and sub-divisional branches (of which 21 were opened during the year) with a total of 16,032 senior and 152,734 junior members. Special efforts were made during the year to develop maternity and child welfare work and to encourage the formation of new Junior Red Cross groups in schools. Increased attention was also paid to health education in rural areas and travelling propaganda units, some of them equipped with a cinema, were at work in several areas. The supply depot maintained by the Society at Lahore issued a variety of Red Cross comforts, as many as 929 institutions receiving gifts, and distributed Red Cross and health propaganda material to the value of Rs. 12,434. Contributions were made for the relief of those who suffered from the earthquake disasters in New Zealand and Baluchistan, the Cawnpore riots and the floods in Bengal, and for the supply of comforts to troops and police on active duty in the Burma rebellion. A considerable portion of the Society's income is being spent on assistance to hospitals, particularly in supplying nurses. The Bengal branch alone spent over Rs. 15,000 on nurses' salaries during 1931. Many of the Society's activities are however still confined to towns and it is difficult to obtain workers for rural

areas. More Indian ladies are now coming forward to sit on Red Cross Committees and a large part of the Society's income is being spent on work for women and girls.

The Junior Red Cross.

The Junior Red Cross to which reference has been made above is the children's branch of the Red Cross and is organized within schools. Its aims briefly stated are the promotion of health, service to the sick and suffering, and international friendliness. In India emphasis has been laid on health activities which include both personal and community hygiene. The Summer School for Red Cross workers held in June was exclusively devoted to a study of Junior Red Cross aims and methods; and the movement has been accepted by education and health authorities as an important factor in health education in all grades of schools. Individually each child is encouraged to observe certain definite health rules, while collectively they receive instruction in health propaganda schemes and the prevention of disease. By the end of 1931, Bombay, the Central Provinces, Delhi, the Punjab, Rajputana, Sind, the United Provinces and the Western India States had organized a total of 2,962 Junior Red Cross groups, the membership of which consisted of 2,539 girls and 150,195 boys.

St. John Ambulance Association.

The St. John Ambulance Association with its sister organization, the St. John Ambulance Brigade Overseas—both of which work in close co-operation with the Indian Red Cross Society—held during the year under report a total of 1,375 courses of instruction in first aid, home nursing, home hygiene and sanitation; 21,653 persons received training, 14,185 of them securing the Association's awards. In addition 4,635 school students were instructed in the elementary preparatory course called "The Mackenzie School Course in First Aid, Hygiene and Sanitation". Classes were organized among railwaymen, miners, soldiers, the police, in all types of educational institutions, in industrial establishments and in prisons. The total number of persons who have received the Association's certificates up to the end of 1931 is more than 200,000. The St. John Ambulance Brigade consisted at the end of the year of 48 ambulance and 12 nursing divisions including 2 cadet divisions in each category, with a total membership of 1,480 men and 287 women.

Finally, mention must be made of the Boy Scout and Girl Guide movements, which have shown a remarkable and gratifying

Boy Scout and Girl Guide Movements.

development in India during the last decade or so. The total strength of the Boy Scouts organization in India at the end of 1931 was 178,633, an increase of 12,061 over the figures of the previous year. The movement has spread not only in different provinces but also in many Indian States, amongst which Mysore stands foremost with a membership of 7,616, Kashmir coming next with 4,746; in all there are 28 State associations in India. The movement continued to receive support from all provincial and State Governments. From the Cochin State, with 1,423 Boy Scouts, the local association receives a grant of Rs. 5,000 per annum. The Bombay and Punjab Governments subsidize their local associations to the extent of Rs. 20,000, the Bengal Association receives from the local Government Rs. 10,000 and the Government of the United Provinces contribute Rs. 12,000 to each of the Baden-Powell and the Seva Samiti Boy Scout Associations. One of the principal features of the year was the attention given to the training of officers and the facilities afforded for this purpose. The Punjab has an excellent training ground with a pavilion; Madras has established a training centre at Coonoor in the Nilgiri district, where the association was able to secure seven acres of ground from the Government. Stress has also been laid on the extension of the movement into the villages and Boy Scouts in several provinces are taking an active part in rural reconstruction work. There has been a demand for literature in the vernacular and most of the provinces have not only translated the official handbook into the vernaculars but also have themselves produced books bearing on the subject. Another event of importance during the year was the establishment of a general headquarters office for India with the object of co-ordinating activities in the various provinces and States.

Education.

We must now briefly describe such noteworthy events as occurred during the year in connection with the educational institutions for which the Government of India assumes some degree of responsibility.

Benares University.

The number of students at the Benares Hindu University increased appreciably, the total number on the rolls at the end of the year under review being 2,993 (of whom 80 were lady students) as compared with 2,419 in the previous year. The University received during the year donations of more than Rs. 3 lakhs, including Rs. $1\frac{1}{4}$ lakhs from His Highness the Maharajah of Travancore and Rs. 1 lakh from His Highness the Maharajah of

Jodhpur, the latter gift being for the upkeep of the department of agricultural botany. The construction of the new library building, made possible by a donation of Rs. 2 lakhs from His Highness the Gaekwar of Baroda, was completed and the library moved to its new quarters; nearly 6,000 books were added to the library during the year. On the academic side important events were the opening of an M.Sc. class in agricultural botany and the institution of diploma courses in soap manufacture, metal enamelling and pottery and porcelain. The University Training Corps which consists of three platoons and displays great keenness won the efficiency cup for the fifth time in succession at the annual camp of the parent battalion at Roorkee.

Aligarh University.

At the Aligarh Muslim University the year was notable for the completion of electric lighting installations throughout the entire University area and for the construction of new and up to date laboratories for chemistry, physics, zoology and botany. The University received several liberal donations during the year, the most interesting of which was the establishment of ten Sunni theological scholarships each of Rs. 50 a month. On the academic side the opening of the new science laboratories has made possible a definite beginning in research work; the Ph.D. degree has been introduced and fresh regulations created for the award of senior doctorate degrees such as D.Sc. The Aligarh Muslim University (Amendment) Act, 1931 was also passed during the year under report. By the provisions of the main act of 1920 university instruction was confined to post-intermediate students but the university maintained an Intermediate College, consisting of two high school classes and two intermediate classes, for the purpose of preparing students for admission to its degree courses. The object of the amending act was to transfer the intermediate classes to the University so that intermediate education should form an integral part of university instruction. The act was brought into force in October 1932.

Delhi University.

The total number of students at the Delhi University increased from 1,699 during the previous year to 2,033 during the year under report. The University like other institutions suffered from retrenchment and severe economy was necessary to balance its budget. Just after the close of the year a portion of the old Viceregal Lodge estate was allotted to the University as a temporary measure for

the use of the law faculty and will provide accommodation for several lecture rooms, an assembly hall and a section of the law library, as well as a suitable area for recreation.

Centrally administered areas.

The only item of note so far as the centrally administered areas are concerned was the examination by the Government of India of the report of the committee on primary education. It was unfortunately found impossible in the prevailing financial stringency to adopt those recommendations involving expenditure, but they are to be kept in view as possible lines of improvement when finances improve; while other proposals such as those aiming at reorganization not involving additional expenditure will as far as practicable be adopted after examination by the local administrations concerned.

CHAPTER VIII.

The Scientific Surveys.

We propose to conclude our report with some account of what are known as the five surveys of India—archaeological, topographical, geological, botanical and zoological. The activities of each of these departments were considerably restricted during the year under review by retrenchment of both funds and personnel.

The Archaeological Survey.

Retrenchment in the Archaeological Department brought to a standstill the important explorations of the last four or five years on the pre-historic sites at Mohenjodaro and Harappa and at other places of later historical interest; but it is hoped that when finances improve it will be possible to resume the work.

Mohenjodaro.

The most noteworthy event of the year was the final publication of the three-volume monograph on " Mohenjodaro and the Indus Civilization " edited by Sir John Marshall and published by Messrs. Probsthain & Coy. in a most attractive form. Its compilation was assisted by a number of experts not belonging to the department who were called in because of the great variety of technical subjects with which the work deals. The book has been well reviewed and those who have not the time to study it as a whole will do well to read the first 112 pages of the first volume in which Sir John Marshall sums up the results of his prolonged study of the materials as they have come to light from year to year. These pages supply a vivid and comprehensive picture of the life of the people who inhabited the Indus valley in the fourth and third millennia B.C., their culture and racial character, their arts and religion, their food, animals and personal ornaments, their weapons, implements and toys, their use of cotton for textiles in a period when it was unknown elsewhere, their comfortable dwellings and system of drainage. " Among the many revelations ", writes Sir John, " that Mohenjodaro and Harappa have had in store for us, none perhaps is more remarkable than this discovery that Saivism has a history going back to the Chalcolithic Age or perhaps even further still, and that it thus takes its place as the most ancient living faith in the world ".

A supplementary volume on the excavations carried out at Mohenjodaro from 1927 onwards and a similar monograph on the

excavations at Harappa are now under preparation. Many problems still await elucidation, of which the most important is the decipherment of the many semi-pictographic seals found at both these sites, but considerable progress has already been made. Among the conclusions so far reached by Professor Langdon are the following; that the Indus script is closely connected with the archaic Sumerian script; that the early Brahmi of the Buddhist period is, as was many years ago suggested by General Sir Alexander Cunningham, derived from the Indus script; that the Aryans must have established intimate contact with the founders of the Indus culture and that consequently they must have arrived in India much earlier than history admits; and that the theories of Buhler and other epigraphists regarding the origin of the Brahmi script from Semitic writing are no longer tenable. Until a few years ago this country was thought to be without antiquities of an earlier date than the rise of Buddhism. Thanks to recent researches in the Indus valley, " India must henceforth be recognized, along with Persia, Mesopotamia and Egypt, as one of the most important areas where the civilizing processes of society were initiated and developed ".

Evidence of intimate commercial intercourse between the Indus valley and Mesopotamia and Elam has been brought to light at Ur and Kish and includes a number of Indus valley seals, two of which were found in 1931-32; one at Kish and another, a cylinder seal, in Iraq. Objects of Mesopotamian manufacture are also beginning to be found in the Indus valley. During the year under review a fragment of a grey steatite vase was discovered, bearing a basket pattern, and resembled two vases found at Elam.

Excavations at Taxila.

At Taxila further progress was made with the clearance of the great monastery attached to the Dharmarajika stupa (Chir Tope) and revealed three distinct strata of successive occupations, the earliest being placed in the 3rd century A.D. and the latest in the 5th century when the building was destroyed by the White Huns. The human skeletons and the seven late Kushano-Sassanian coins of gold alloy discovered on the east side of the monastery in the preceding season belonged to the last epoch. Besides the three city sites known as Bhir Mound, Sirkap and Sirsukh, Sir John Marshall's researches have brought to light many detached Buddhist settlements among the hills of the Hathial and other ranges which

surround the city of Taxila. Another separate Buddhist settlement has now been laid bare at Kalawan, on a low hill forming part of the main Margala spur, at a distance of about two miles south-east of the Dharmarajika stupa; the relics discovered show that it belonged to the first three centuries of the Christian era. Of the seven groups of buildings brought to light the most interesting are a stupa-court comprising two large stupas, three temples and two shrines. One of the temples has an octagonal apse and a square antechamber or *mandapa* containing a square sink lined with translucent glass tiles which was probably kept filled with water for the convenience of pilgrims and monks. The apse yielded a number of Gandhara sculptures including reliefs showing the dream of Maya, (mother of the Sakyamuni Budha), the temptation of the Bodhisattva, and the Buddha fasting; and contained a circular stupa in which were found some valuable antiquities. A circular receptacle cut from a block of kanjur stone (a soft lime-stone) buried in the middle of the relic chamber was found to contain among other things a copper-plate bearing a well-preserved Kharoshthi inscription of the year 134 and a stupa-shaped relic casket complete with *harmika** and umbrellas. This casket contained a small globular casket of steatite and rosettes of gold and silver, and the inner casket in its turn contained a tiny cylindrical-shaped gold casket in which were found some very minute pieces of bone and a number of beads and pearls. The name of the person whose relics were thus enshrined does not appear in the inscription.

Excavations at Nagarjunikonda.

The valuable discoveries at Nagarjunikonda on the river Kistna have been mentioned in previous reports. Photographs of the many hundreds of sculptures found on this site have been forwarded by the excavator to Dr. Vogel of the Leiden University who has already identified many of them. Operations during the year revealed a few more fragmentary sculptures in the Amaravati style. They include one depicting a well-carved chariot drawn by four horses preceded by a row of warriors, and another fragment showing a *bodhi*† tree attended by worshippers.

Excavations at Nalanda.

Some progress was made during the year with the excavation, begun in 1915, of the Buddhist city Nalanda in Bihar. Nalanda, one of the three famous university towns of ancient Magadha, finds

* A balustrade crowning the stupa.

† It was under a *bodhi* tree that Buddha meditated and attained enlightenment.

frequent mention in early Buddhist texts, *e.g.*, the Mahaparinibbanasutta, and according to the Chinese traveller Hiuen Tsang possessed a stupa which enshrined pieces of the Buddha's hair and nails. During the year under review a large temple mentioned by Hiuen Tsang was excavated. This temple may well mark the site of the great *vihara* (monastery) constructed by Baladitya Raja, which was about 300 feet in height and in size and magnificence resembled the great *vihara* under the *bodhi* tree near Gaya. The antiquities so far brought to light at Nalanda number more than 7,000 and include many bronze statuettes, terracotta votive tablets, stucco figures, images in the black slate stone generally used for the sculptures of the Pala school, and bricks inscribed with extracts from the Buddhist scriptures. That the Magadha school of sculpture is a development of the Gupta school of Benares is well-known and fragments of Sarnath sculptures in the usual Chunar sandstone found at Nalanda clearly demonstrate the influence of the Benares centre. Nalanda in its turn was a source of iconographic and stylistic influence not only to other parts of India but also to Sumatra and Java and other islands of the Indian archipelago. An interesting episode in Kalhana's Rajatarangini supplies authentic evidence of the importation from Magadha to Kashmir of a bronze image of Sugata borne on the shoulders of an elephant.

Excavations at Paharpur.

The excavations at Paharpur have now revealed the whole plan of the temple and the great quadrangle that surrounded it and all that remains to be done is to dig part of the spacious inner court to its original floor level. This is probably the largest single monument so far brought to light by excavation anywhere in India, its outer dimensions being 922 feet from north to south and 919 feet from east to west. The central temple is raised upon three terraces richly embellished with a continuous series of terracotta panels and superimposed one above the other, and at the summit of these terraces is the main shrine. In general plan and design the temple closely resembles the Brahmanical temples at Avantipura and Martanda in Kashmir, and it appears also to have been copied by the builders of the great Buddhist stupa at Borobundur in Java. An inscription found at Nalanda has already supplied evidence of the intimate relations that existed between a Sailendra king of Java and the Pala king Devapaladeva. Among the antiquities found during the year is a fragment which completes a broken image of the Buddhist deity Hevajra unearthed in the year 1928. The

figure has nine heads and sixteen hands each holding a human skull and embraces a female figure carrying a small dagger in the right hand and a skull-cup in the left. The image is wrought with great care and skill and belongs to the period when the Pala art of Bengal was in full flower.

Excavations at Pagan, Burma.

Only a small excavation was possible during the year at Pagan in Burma but this yielded an interesting Burmese inscription cut in a stone slab in which mention is made of Shan slaves dedicated to a pagoda. The date appears to fall in the reign of King Sawlu (1077-1084 A.D.).

Epigraphy.

The most important find of the year in the field of epigraphy besides the Kharoshthi inscription referred to above was a small fragment of stone bearing an incomplete inscription of six lines in the early Brahmi script of the 3rd century B.C. which was dug up by a labourer among the extensive ruins of Mahasthangraph in the Bogra district and acquired by the archaeological superintendent at Calcutta. The new inscription is the earliest antiquity found at Mahasthangraph and appears to provide conclusive evidence of the identity of the remains at Mahasthangraph with Paundravardhana, the ancient capital of north Bengal or Varendra-desa. Mahasthangraph presents great possibilities of further important discoveries. In Orissa and Madras new inscriptions were discovered which throw a good deal of light upon the mediaeval history of those provinces. During the year under report six parts of the Epigraphia Indica were published and materials for three others sent to press.

Archaeological Museums.

Several valuable antiquities were added to the museums under the control of the Archaeological Department during the year. Additions to the coin-cabinet of the Indian Museum included a set of electron coins of the Kashmir king Lalitaditya and a silver coin of Prince Murad, the fourth son of Shahjahan. This latter coin was struck at Surat in the year 1657 A.D. when Shahjahan was lying ill and his sons fighting among themselves for the throne.

The Archaeological Chemist.

The archaeological chemist received 881 antiquities of various kinds for preservative treatment and examined or chemically analysed 46 specimens mostly of metal, stone and minerals. His analysis of a bangle from Taxila revealed the use of copper and nickel alloy for jewellery. The chemist also treated and mounted

two of the wall paintings in the Central Asian Antiquities Museum, New Delhi.

Conservation and repairs of monuments.

Owing to lack of funds the conservation of monuments, which forms an important part of the duties of the Archaeological Department, had to be confined during the year to small annual repairs and general tidying up; only such special repairs as were inexpensive and structurally urgent were undertaken.

The Topographical Survey.

Retrenchment in the Survey department during the latter part of the year led to the disbandment of four topographical parties, three geodetic parties and one forest party, with the result that the completion of the modern topographical survey of all India on the scale 1 inch = 1 mile has been further delayed.

During the survey year ending on the 30th September 1931, the latest period for which detailed information is available and which was not affected by retrenchment, an area of approximately 59,000 square miles was surveyed, mostly on the scales of one inch and half inch to one mile. This included the survey of about 8,000 square miles on the scale of $\frac{3}{8}$ inch to one mile in the Gilgit Agency in the extreme north of India. As in Chitral, this survey involved high climbs in the glaciated areas of the Hindu Kush, Kailas and Great Himalayan ranges. Surveys in high mountain regions were formerly carried out chiefly by exploration parties specially equipped for the purpose but during the past few years they have been made by a regular survey unit. This has served to train a number of young surveyors in alpine technique and should prove of value in the mapping of Himalayan areas in future. The area surveyed includes the massifs of Nanga Parbat (26,600 feet) and Haramush (24,200 feet). Surveys were also carried out in Sikkim and Nepal so as to complete two one-inch modern sheets.

Special Surveys.

In addition to special forest surveys, cantonment surveys, and those in connection with certain irrigation projects, a number of special surveys were carried out at the request of local Governments, other official departments, Indian States and private bodies. On the military side one field survey section was mobilized during October 1930 and took part in the operations against the Afridis on the Khajuri plain during the cold weather. The section was disbanded early in March 1931. Survey units on the frontier continued their special training exercises with military formations. On the

archaeological side two old forts in northern Bengal were included in the area surveyed; these date back some 400 years and were apparently erected by the Cooches for defensive purposes against Bhutan.

Geodesy.

Geodetic work progressed satisfactorily. Continuous record of longitude was maintained at Dehra Dun by bi-weekly observations with the bent transit and by the reception of the Bordeaux and Rugby time-signals. The latitude variations programme was continued, the usual difficulty being met with in the monsoon months. Astronomical latitudes to determine the meridional deflection of the plumb line were observed at 44 stations in Kashmir, the Punjab and Rajputana, situated at intervals of about 12 miles along a north and south line from the Banihal Pass to Ajmer. These observations furnished a very valuable section of the Indian geoid, connecting up with the observations made in Kashmir in 1925. Observations to determine the force of gravity were made at 22 stations in Sind, the Punjab, Central India, Rajputana and the Central Provinces. Gravimetric observations with a gradiometer were made in the Bahawalpur and Jaisalmer States.

Magnetic and Meteorological observations.

As regards magnetic and meteorological observations, the magnetic observatory at Dehra Dun maintained its continuous record of the three magnetic elements. The Omori seismograph was in regular operation and meteorological observations were made twice daily. A magnetic detachment visited 37 repeat stations in northern India and made comparative observations at Alibag observatory, thus bringing the magnetic survey up to date in this region. The " Tide Tables for the Indian Ocean " for 1932 were completed and advance copies relating to certain ports were prepared and sent to the hydrographic departments of the Admiralty, the United States and Japan. Two detachments were employed on primary triangulation in Burma, as a result of which the Indian primary triangulation was connected with that of Siam by the extension of the revised Mong Hsat and Great Salween series in latitude 20° 30′ and the Burma coast series in latitude 10° 30′. A base was measured at Kengtung, in the Southern Shan States, using the modern invar wire equipment. This is the first base measured in India since that at Mergui in 1881-82 and is of course the first measured with the new apparatus. 584 miles of high-precision levelling for the new geodetic level-net of India were completed, together with 964 miles of single high-precision level-

ling in Bombay, Central India, the Central Provinces and the United Provinces. Secondary levelling of 1,663 miles was carried out in the Punjab, the Punjab States, Delhi, Bihar and Orissa, Bengal and Burma for local Governments, railways and scientific purposes.

Miscellaneous Work. An improved pattern of Macleod Bar was designed and made in the workshop at Dehra Dun. This bar, known as the " Penney Bar ", is now in constant use with the duplicating presses in the photo-zinco office at Dehra Dun and it is hoped that by its aid the making of paper mosaics of plane-table sections will eventually be abolished.

During the year ending 30th September 1931, 761 departmental maps, including reprints and new editions, were published by the Survey and in addition numerous maps and plans were prepared for the Army, local Governments, railway administrations and census officers. In the mathematical instrument office a large number of binoculars, monoculars, telescopes, compasses, range-finders and watches were repaired, while the manufactures included bridge-testing apparatus, rotary recording deflectometers, range-finder-base-length-checking apparatus, and achromatic object glasses.

The Geological Survey. The most interesting event of the year connected with the Geological Survey was the issue of the geological map of India on a scale of 32 miles to the inch, under preparation since 1923. The compilation of the originals was done by the staff of the Geological Survey, the reproduction in colour being carried out by the Survey of India. In addition further memoirs on the coal resources of India were published as a result of the special investigations completed last year.

Earthquakes. Earthquakes were again prominent, diverting officers of the department from their normal duties to record the effects and as far as possible to ascertain the causes. As in the previous year a severe earthquake occurred in Burma. Fortunately the tract affected—the Myitkyina and Katha districts, lying to the north of Upper Burma—is thinly populated. Bamboo and wooden huts, raised a few feet from the ground—types which are rarely damaged—were wrecked, and landslips and fissuring of alluvial ground were frequent. In the town of Kamaing all masonry buildings were damaged and some pagodas destroyed. A number of aftershocks of the disastrous Pegu and Pyu earthquakes of last year were recorded in Rangoon, Pegu and other places between Mandalay and Moul-

mein but did no damage. Some two months later, on the 25th and 27th of August 1931, earthquakes occurred in Baluchistan at the other end of the Indian Empire. Both shocks with accompanying tremors were felt at Quetta but the first did little damage there. The reports of damage as published in the press were much exaggerated. In Baluchistan ordinary village houses are usually built with very thick walls of mud, or sundried bricks set in mud mortar, and are particularly liable to damage by earthquakes. For this reason the bazaar at Sharigh was completely ruined by the shock of the 25th and the hospital and part of the railway quarters were severely damaged. The second shock, originating near Mach on the 27th, was more widely felt over Baluchistan and Sind, but severe damage was confined to within a short distance of Mach and to the plains at the foot of the hills south-west of Sibi. In Mach buildings of sundried brick or stone set in mud mortar were destroyed or much damaged. Even the new jail, completed only eighteen months before, suffered severely. Its north wall, built of ordinary concrete, was thrown down and the south wall was cracked and some of the interior radial walls were also overthrown. In all about a hundred lives were lost, chiefly through the collapse of heavy mud buildings; buildings of good brick and mortar were almost undamaged.

Geological Surveys.

As regards the normal work of the department, geological surveys were in progress in the Gangpur State in Bihar and Orissa; in the Myitkyina district, the Mogok ruby mines in the Katha district, the Northern and Southern Shan States, the Lower Chindwin and Shwebo districts in Burma; the Hoshangabad, Nagpur and Bhandara districts in the Central Provinces; the north Arcot district in Madras; Kashmir; the Hazara district in the North-West Frontier Province; the Salt Range, the Attock district, and the Simla hills in the Punjab; the Jodhpur, Bikaner, Mewar (Udaipur), and Sirohi States in Rajputana; the Chakrata and Mirzapur districts in the United Provinces; and Rewa State in Central India.

Economic enquiries.

Economic enquiries were carried out on barytes in the Yawnghwe State of the Southern Shan States in Burma; bauxite in Nandgaon State, Central Provinces; coal in the Khasi and Garo Hills, Assam, and Meiktila and Myitkyina districts, Burma; copper in Pindaya and Yawnghwe States, Southern Shan States, and in Ajmer-Merwara and Bikaner State, Rajputana; gold in Myitkyina district,

Burma, and in Gilgit, Kashmir; graphite, iron-ore and jade in Myitkyina district, Burma; kaolin in the Garo hills, Assam; lead-ore in Pindaya State, Southern Shan States and Myitkyina district, Burma, and Nandgaon State in the Central Provinces; marble in Jodhpur and Mewar (Udaipur) States, Rajputana; mica in Nandgaon State, Central Provinces, and Mewar (Udaipur) State, Rajputana; salt springs in Myitkyina district, Burma; sulphur springs in Shahpur district, Punjab; and wolfram in Yawnghwe State, Southern Shan States, and Jodhpur State, Rajputana.

Special investigations.

Special investigations included a study of the Indaw oilfield and a test-well at Yenan in the Upper Chindwin district in Burma. In these and other oilfields in Burma immense quantities of natural gas run to waste, though a certain amount is used for power raising, and with the co-operation of the oil-producing companies a Government geologist has been deputed to investigate these natural resources. In particular arrangements have been made for the collection of samples of the natural gas in order to determine their content in helium for filling airships, and the Indian Institute of Science has undertaken to analyse these samples.

Investigations into the underground water-supplies of Rangoon and Bassein were completed during the year and detailed suggestions made for their utilization and conservation. In addition the possibilities of obtaining artesian and other water supplies over a large tract of country between Rawalpindi and the Salt Range have been investigated. Miscellaneous activities included advice on the treatment of landslips endangering the pipe line and haulage way in connection with the Shanan Hydro-electric Scheme, and on the preservation of the bathing ghats at Benares which, owing to the action of the Ganges, have long been approaching collapse.

The Botanical Survey.

During the year the Botanical Survey proceeded with the critical study of the flora of the Garo Hills; the collections now number some 2,000 specimens comprising about 800 species and considerably enrich the material available for a floristic and ecological survey of the area. Material was also collected for a plant analysis of the Anaimallai Hills and the forests of north Coimbatore, Kollegal and Bolainpatti ranges in the Madras Presidency and for an estimation of the part they play in the union of the flora of the east and west sides of the peninsula. The botanical survey of the santonin-yielding artemisias of the Kurram and north-western

India was completed and results obtained likely to be of much importance in the future development of the industry. Difficulties met in drying and extracting the harvest and in producing the drug have been cleared up and valuable data obtained regarding geographical and altitudinal distribution. A further attempt was made during the year to penetrate the cinchona reserve in the Tenasserim area of Lower Burma with a view to investigating certain points regarding the avicennia associations of the mangrove swamps in Chittagong. A tour in the Naga and Manipur Hills in which more than 100 specimens were collected has suggested the possibility of improved fruit culture and the production of medicinal plants on economic lines in the eastern Himalayas.

Cinchona.

The cinchona plantations maintained by the Government of India in Burma are managed by the Botanical Department. The stock of bark in hand at the opening of the year was 538,233 lbs. and at the close of the year 715,087 lbs. Quinine sulphate and salts amounting to nearly 17,000 lbs. and a small quantity of cinchona febrifuge were sold during the year, bringing in a revenue of Rs. 3,17,000. The net profit on the year's working was roughly Rs. 1½ lakhs. The Governments of Bengal and Madras also maintain cinchona plantations and a factory where the bark is converted into quinine and its by-products. The sales of quinine sulphates and salts and cinchona febrifuge in Bengal during the year totalled nearly Rs. 6 lakhs and in Madras Rs. 5¼ lakhs.

The Zoological Survey.

The field investigations of the Zoological Survey during the year in the Western Ghats yielded valuable information regarding the archaic freshwater medusa (limnocnida). Similar inquiries into the fauna and biological conditions in the river Hooghly and the saline waters of the Salt Range brought additional knowledge of the bionomics of freshwater animals living under such varying conditions of salinity. Other activities during the year were an anthropometric survey of the different castes in south India in connection with the census operations, the results of which will shortly be published; and an extension of the investigations into the shell fisheries in the Andamans.

Research.

On the research side the following were the more important papers published during the year by officers of the department; the Fishes of Burma; the Classification of the Homalopterid fishes; the Medusae in the Indian Museum; the Decapod Crustacea found

living as commensals with Holothurians; Instances of Parallel Evolution in the Faunas of South India and South America; Anthropological Bulletins from the Zoological Survey of India; and a report on the human relics recovered by the Naga Hills (Burma) Expedition for the abolition of human sacrifice during 1926-27. Other interesting investigations are still in progress.

During the year the very valuable collection of butterflies in the Indian Museum was rearranged and a great deal of valuable material hitherto inaccessible for study incorporated. The collection of birds in this museum is also being rearranged.

Another interesting side of the department's activities is the co-operation of its anthropological section with the archaeological department in investigating and identifying human and animal remains. During the year under review a large number of animals were identified for the Bombay Natural History Society, the Harcourt Butler Institute of Public Health, Burma, the Calcutta School of Tropical Medicine and other institutions.

APPENDIX I.

Representative List of Official Reports, etc.

(Mostly annual.)

General.

Statistical Abstract for British India.
Census Report (decennial).
Provincial Administration Reports: Madras, Bombay, United Provinces, Punjab, Bengal, Central Provinces and Berar, Burma, Bihar and Orissa, Assam, North-West Frontier Province, Delhi, Coorg, Andaman and Nicobar Islands, Civil and Military Station of Bangalore, Ajmer-Merwara, Baluchistan Agency, Aden.

Agriculture and Veterinary.

Agriculture and Livestock in India (bimonthly).
The Indian Journal of Agricultural Science (bimonthly).
The Indian Journal of Veterinary Science and Animal Husbandry (quarterly).
Scientific Monographs of the Imperial Council of Agricultural Research.
Review of Agricultural Operations in India.
The Annual Report of the Imperial Council of Agricultural Research.
Proceedings of the Board of Agriculture and Animal Husbandry.
Catalogue of Indian Insects.
Scientific Reports of the Imperial Institute of Agricultural Research, Pusa.
Report of the Department of Agriculture for each Province.
Season and Crop Report for each Province.
Agricultural Statistics of India.
Area and Yield of Principal Crops in India.
Report of the Civil Veterinary Department for each Province.
Report of the Imperial Institute of Veterinary Research, Muktesar.
Quinquennial Report on the average yield per acre of principal crops in India.
Review of the Sugar Industry of India.
Live-stock Statistics, India (quinquennial).

Co-operative Societies.

Statistical Statements relating to Co-operative Movement in India.
Report on Co-operative Societies for each Province.
Reports of Conferences of Registrars of Co-operative Societies.

Education.

Annual Reports on Education for India and for each Province.
Quinquennial Reviews on the progress of education in India and in each Province.
Occasional Reports and Pamphlets on education.

Emigration and Immigration.

Annual Report on the working of the Indian Emigration Act of 1922 and the Rules framed thereunder in the Presidency of Bengal.

Annual Report on the working of the Indian Emigration Act in the Bombay Presidency.

Annual Report on the working of the Indian Emigration Act and the Rules framed thereunder in the Madras Presidency.

Annual Report of the Agent of the Government of India in South Africa.

Annual Report of the Agent of the Government of India in British Malaya.

Annual Report of the Agent of the Government of India in Ceylon on the working of the Indian Emigration Act, the Rules issued thereunder and of the Labour Ordinances of Ceylon.

Reports on Immigrants Labour in the Province of Assam.

Annual Report on Emigration to the Labour Districts of Assam, Cachar and Sylhet.

Finance.

Budget of the Government of India.

Finance and Revenue Accounts of the Government of India.

East India Accounts and Estimates: Explanatory Memorandum by the Secretary of State for India (Parliamentary Paper).

Home Accounts of the Government of India (Parliamentary Paper).

East India (Loans raised in England) (Half-yearly Parliamentary Paper).

Reports on the Administration of the Mints at Calcutta and Bombay, with a review of the Controller of the Currency.

Report of the Controller of the Currency.

Statistical Tables relating to Banks in India.

Forests.

Annual Return of Statistics relating to Forest Administration in British India.

Report on Forest Administration for each Province.

Reports of the Forest Research Institute and the Imperial Forest College, Dehra Dun.

Quinquennial Forest Review.

Indian Forest Memoirs.

Indian Forest Records.

Forest Bulletins.

Justice and Police.

Report on the Administration of Civil Justice for each Province.

Report on the Administration of Criminal Justice for each Province.

Report on Jails for each Province.

Report on Police for each Province, and for Bombay Town and Island, Calcutta and Rangoon.

Land Revenue, etc.

Land Revenue Administration: Provincial Reports for Bengal, Bihar and Orissa, Assam, United Provinces, Bombay Presidency (including Sind), Punjab, Central Provinces and Berar, Burma, and Madras.

Report on Land Revenue Administration, Land Records, Settlement Operations, Alienation of Land Act, etc., for North-West Frontier Province.

Madras Survey, Settlement and Land Records Department Report.

Reports of Land Records Departments for Bombay, Burma, Bengal, United Provinces, and Punjab.

Report on Settlement Operations, Punjab.

Reports on Survey and Settlement Operation, Bengal, Bihar and Orissa, and Assam.

Reports on Operations of the Land Records and Settlement Departments, Central Provinces and Berar.

Report of the Talukdari Settlement Officer, Bombay.

Provincial Reports on the Administration of Estates under the Court of Wards.

Report on the Punjab Canal Colonies.

Legislation.

Acts of the Indian Legislature and Provincial Legislative Councils.

Regulations made by the Governor-General in Council.

Ordinances made by the Governor-General.

Official Accounts of the Debates and Proceedings in the Central and Provincial Legislatures.

Local Self-Government.

Report on Municipalities for each Province and for Calcutta, Bombay City, Madras City and Rangoon.

Reports on District and Local Boards for each Province.

Reports of Ports Trusts of Bombay, Madras, Karachi and Aden.

Administration Reports of the Calcutta, Rangoon and Chittagong Port Commissioners.

Medical, Public Health, and Vital Statistics.

Report of the Public Health Commissioner with the Government of India.

Report of the Director of Public Health for each Province.

Report on Civil Hospitals and Dispensaries for each Province.

Report on Mental Hospitals for each Province.

Report of the Chemical Examiner and Bacteriologist for each Province.

Indian Journal of Medical Research (quarterly).

Indian Medical Research Memoirs (supplementary to the Indian Journal of Medical Research), issued periodically.

Records of the Malaria Survey of India issued by the Director, Malaria Survey of India.

Reports of the Scientific Advisory Board and the Governing Body, Indian Research Fund Association.

Report of each of the Pasteur Institutes at Kasauli, Coonoor, Rangoon and Shillong.
Report of the Central Research Institute, Kasauli.
Report of the Haffkine Institute, Bombay.
Report of the King Institute, Guindy.
Report of the Calcutta School of Tropical Medicine and Hygiene.
Reports of the various Medical Colleges and Schools in India.

Mineral Production and Inspection of Mines.

Review of Mineral Production (in Record of Geological Survey).
Report on Production and Consumption of Coal in India.
Report of the Chief Inspector of Mines.
Indian Coal Statistics.

Posts and Telegraphs.

Annual Report on the Indian Posts and Telegraphs Department.

Prices and Wages.

Variations in Indian Price Levels (tables).
Reports of Provincial Wage Censuses.
Index Numbers of Indian Prices (quinquennial).

Public Works.

Report by the Railway Board on Indian Railways.
History of Indian Railways constructed and in progress (quinquennial).
Quarterly Summaries of proceedings of Railway Local Advisory Committees.
Half-yearly Summaries of reports on Railway accidents by Government Inspectors of Railways.
Reports on Public Works (Buildings and Roads) for Madras, Bombay, United Provinces, Punjab, Bihar and Orissa, Central Provinces, Assam, and North-West Frontier Province.
Review of Irrigation in India.
Administration Reports on Irrigation for each Province (except Assam).
Indian Roads.

Revenue (other than Land Revenue).

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The Government of India's "Report of the Court of Enquiry, 1932".
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Report of the Chief Inspector of Explosives.
Labour Gazette published monthly by the Labour Office, Government of Bombay.
Report of the Department of Industries for each Province.
Administration Report of the Indian Stores Department.
Report on the work of the Indian Store Department, London.
Annual Report of the Patent Office.

APPENDIX II.

Correspondence between the Viceroy and Mr. Gandhi prior to the resumption of civil disobedience in January 1932, referred to at page 32 of this report.

1. *Telegram from Mr. Gandhi, to His Excellency the Viceroy, dated the 29th December 1931.*

I was unprepared on landing yesterday to find Frontier and United Provinces Ordinances, shootings in Frontier and arrests of valued comrades in both, on top of Bengal Ordinance, awaiting me. I do not know whether I am to regard these as indication that friendly relations between us are closed or whether you expect me still to see you and receive guidance from you as to course I am to pursue in advising Congress. I would esteem wire in reply.

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2. *Telegram from the Private Secretary to the Viceroy, to Mr. Gandhi, dated the 31st December 1931.*

His Excellency desires me to thank you for your telegram of the 29th instant in which you refer to Bengal and United Provinces and North-West Frontier Province Ordinances. In regard to Bengal it has been and is necessary for Government to take all possible measures to prevent dastardly assassination of their officers and of private citizens.

His Excellency wishes me to say that he and his Government desire to have friendly relations with all political parties and with all sections of the public and in particular to secure co-operation of all in great work of constitutional reforms which they are determined to push forward with minimum delay. Co-operation however must be mutual and His Excellency and his Government cannot reconcile activities of Congress in the United Provinces and North-West Frontier Province with spirit of friendly co-operation which good of India demands.

As regards United Provinces you are doubtless aware that while the local Government were engaged in devising means to give all possible relief in the existing situation, the Provincial Congress Committee authorized a no-rent campaign which is now being vigorously pursued by Congress organizations in that province. This action on the part of Congress bodies has compelled Government to take measures to prevent a general state of disorder and spreading of class and communal hatred which campaign, if continued unchecked, would inevitably involve.

In North-West Frontier Province Abdul Ghaffar Khan and bodies he controlled have continuously engaged in activities against Government and in fomenting racial hatred. He and his friends have persistently refused all overtures by the Chief Commissioner to secure their co-operation and rejecting the declaration of the Prime Minister, have declared in favour of

complete independence. Abdul Ghaffar Khan has delivered numerous speeches open to no other construction than as incitements to revolution and his adherents have attempted to stir trouble in tribal area. The Chief Commissioner with the approval of His Excellency's Government has shown utmost forbearance and to the last moment continued his efforts to secure assistance of Abdul Ghaffar Khan in carrying into effect, with the least possible delay, the intentions of His Majesty's Government regarding constitutional reforms in the province. The Government refrained from taking special measures until activities of Abdul Ghaffar Khan and his associates and in particular open and intensive preparation for an early conflict with Government created a situation of such grave menace to peace of province and of tribal areas as to make it impossible further to delay action. His Excellency understands that Abdul Ghaffar Khan was in August last made responsible for leading Congress movement in province, and that volunteer organizations he controlled were specifically recognized by All-India Congress Committee as Congress organizations. His Excellency desires me to make it clear that his responsibilities for peace and order make it impossible for him to have any dealing with persons or organizations upon whom rests the responsibility for activities above outlined. You have yourself been absent from India on the business of Round Table Conference and in light of the attitude which you have observed there, His Excellency is unwilling to believe that you have personally any share in responsibility for or that you approve of recent activities of Congress in the United Provinces and North-West Frontier Province. If this is so, he is willing to see you and to give you his views as to the way in which you can best exert your influence to maintain a spirit of co-operation which animated proceedings of Round Table Conference, but His Excellency feels bound to emphasize that he will not be prepared to discuss with you measures which Government of India with the full approval of His Majesty's Government have found it necessary to adopt in Bengal, United Provinces and North-West Frontier Province. These measures must in any case be kept in force until they have served purpose for which they were imposed, namely, preservation of law and order essential to good government. On receipt of your reply, His Excellency proposes to publish this correspondence.

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3. *Telegram from Mr. Gandhi, to the private Secretary to His Excellency the Viceroy, dated the 1st January 1932.*

I thank His Excellency for wire in reply to mine of 29th instant. It grieves me. For His Excellency has rejected in a manner hardly befitting his high position, an advance made in friendliest spirit. I had approached as seeker wanting light on questions while I desired to understand Government version of very serious and extraordinary measures to which I made reference. Instead of appreciating my advance, His Excellency has rejected it by asking me to repudiate my valued colleagues in advance and telling me that even if I become guilty of such dishonourable conduct and

sought an interview, I could not even discuss these matters of vital importance to the nation.

In my opinion, constitutional issue dwindles into insignificance in face of ordinances and acts which must, if not met with stubborn resistance, end in utter demoralization of nation. I hope no self-respecting Indian will run risk of killing national spirit for a doubtful contingency of securing a constitution to work which no nation with a stamina may be left. Let me also point out that as to the Frontier Province, your telegram contains a narration of facts which, on face of them, furnish no warrant for arrests of popular leaders, passing of extra-legal ordinance, making life and property utterly insecure and shooting unarmed peaceful crowds for daring to demonstrate against arrest of their trusted leaders. If Khan Sahib Abdul Ghaffar asserted the right of complete independence, it was a natural claim and the claim made with impunity by the Congress at Lahore in 1929 and by me with energy put before the British Government in London. Moreover let me remind the Viceroy that despite knowledge on Government's part that Congress mandate contained such claim, I was invited to attend London Conference as Congress delegate. Nor am I able to detect in a mere refusal to attend Durbar an offence warranting summary imprisonment. If Khan Sahib was fomenting racial hatred, it was undoubtedly regrettable. I have his own declarations to the contrary made to me, but assuming that he did foment racial hatred, he was entitled to open trial, where he could have defended himself against accusation. Regarding United Provinces, His Excellency is surely misinformed, because there was no "no-rent" campaign authorized by Congress, but whilst negotiations were proceeding between Government and Congress representatives, the time for collection of rents actually arrived and rents began to be demanded. Congress men were therefore obliged to advise tenants to suspend payment pending the result of negotiations and Mr. Sherwani had offered on behalf of the Congress to withdraw this advice if the authorities suspended collections pending negotiations. I venture to suggest that this is not a matter which can be so summarily dismissed as your wire has done. Controversy in the United Provinces is of a long standing and involves well-being of millions of peasantry known to be economically ground down. Any Government jealous of the welfare of the masses in its charge would welcome voluntary co-operation of a body like the Congress which admittedly exercises great influence over the masses and whose one ambition is to serve them faithfully and let me add that I regard the withholding of payment of taxes as an inalienable ancient and natural right of a people who have exhausted all other means of seeking freedom from an unbearable economic burden. I must repudiate suggestion that the Congress has slightest desire to promote disorder in any shape or form.

As to Bengal, the Congress is at one with the Government in condemning assassination and should heartily co-operate with the Government in measures that may be found necessary to stamp out such crimes. But whilst the Congress would condemn in unmeasured terms the methods of terrorism, it can

in no way associate itself with Government terrorism as is betrayed by the Bengal Ordinance and acts done thereunder, but must resist within the limits of its proscribed creed of non-violence such measures of legalized Government terrorism. I heartily assent to the proposition laid down in your telegram that co-operation must be mutual but your telegram leads me irresistibly to the conclusion that His Excellency demands co-operation from the Congress without returning any on behalf of Government. I can read in no other way his peremptory refusal to discuss these matters which, as I have endeavoured to show, have at least two sides. Popular side I have put as I understand it, but before committing myself to definite judgment I was anxious to understand the other side, *i.e.*, the Government side, and then tender my advice to the Congress. With reference to the last paragraph of your telegram, I may not repudiate moral liability for the actions of my colleagues, whether in the Frontier Province or in the United Provinces, but I confess that I was ignorant of the detailed actions and activities of my colleagues whilst I was absent from India, and it was because it was necessary for me to advise and guide the Working Committee of the Congress and in order to complete my knowledge, I sought with an open mind and with the best of intentions an interview with His Excellency and deliberately asked for his guidance. I cannot conceal from His Excellency my opinion that the reply he has condescended to send was hardly a return for my friendly and well-meant approach, and if it is not yet too late, I would ask His Excellency to reconsider his decision and see me as a friend without imposing any conditions whatsoever as to the scope or subject of discussion and I, on my part, can promise that I would study with an open mind all the facts that he might put before me. I would unhesitatingly and willingly go to the respective provinces and with the aid of the authorities study both sides of the question and if I came to the conclusion after such a study that the people were in the wrong and that the Working Committee including myself were misled as to the correct position, and that the Government was right, I should have no hesitation whatsoever in making that open confession and guiding the Congress accordingly. Along with my desire and willingness to co-operate with Government, I must place my limitations before His Excellency. Non-violence is my absolute creed. I believe that civil disobedience is not only the natural right of people especially when they have no effective voice in their own Government, but that it also is an effective substitute for violence or armed rebellion. I can never, therefore, deny my creed. In pursuance thereof and on the strength of uncontradicted reports supported by recent activities of the Government of India to the effect that there may be no other opportunity for me to guide the public, the Working Committee has accepted my advice and passed resolutions tentatively sketching a plan of civil disobedience. I am sending therewith text of resolution. If His Excellency thinks it worth while to see me, operation of the resolution will be suspended pending our discussion in hope it may result in the resolution being finally given up. I admit that correspondence between His Excellency and myself is of such grave importance

as not to brook delay in publication. I am therefore sending my telegram, your reply, this rejoinder and the Working Committee's resolution for publication.

[*Text of Resolution of Working Committee referred to above.*]

The Working Committee has heard Mahatma Gandhi's account of his visit to the West and considered the situation created by the extraordinary ordinances promulgated in Bengal, United Provinces and the Frontier Province and by the actions of the authorities including the numerous arrests made among those of Khan Abdul Ghaffar Khan, Mr. Sherwani and Pandit Jawaharlal Nehru and by the shootings in the Frontier Province of innocent men resulting in many deaths and many more being injured. The Working Committee has also seen the telegram from His Excellency the Viceroy in reply to the telegram sent by Mahatma Gandhi to him. The Working Committee is of opinion that these several acts and others of lesser gravity that have taken place in some other provinces and the telegram from His Excellency seem to make further co-operation with the Government on the part of the Congress utterly impossible unless the Government policy is radically changed. These acts and the telegram betray no intention on the part of bureaucracy to hand power to the people and are calculated to demoralize the nation. They also betray want of faith in the Congress from which co-operation is expected by the Government. The Working Committee yields to no one in its abhorrence of terrorism on any account whatsoever resorted to by individuals such as was recently witnessed in Bengal but it condemns with equal force terrorism practised by its recent acts and ordinances. The Working Committee marks the deep national humiliation over the assassination committed by two girls in Comilla and is firmly convinced that such crime does great harm to the nation especially when through its greatest political mouth-piece—the Congress—it is pledged to non-violence for achieving Swaraj. But the Working Committee can see no justification whatsoever for the Bengal Ordinance which seeks to punish a whole people for the crime of a few. The real remedy lies in dealing with the known cause that prompts such crime. If Bengal Ordinance has no justification for its existence the ordinances in the United Provinces and the Frontier Province have still less. The Working Committee is of opinion that the measures taken by the Congress in the United Provinces for obtaining agrarian relief are and can be shown to be justified. The Working Committee holds that it is the unquestionable right of all people suffering from grave economic distress as the tenantry of the United Provinces is admittedly suffering to withhold payment of taxes if they fail as in the United Provinces they have failed to obtain redress by other constitutional methods. In the arrest and imprisonment of Mr. Sherwani, the President of the United Provinces Congress Committee, and Pandit Jawaharlal Nehru, the Working General Secretary of the Congress, who were proceeding to Bombay to confer with Mahatma Gandhi and to take part in the meeting of the Working Committee, the Gov-

ernment have gone even beyond the limits contemplated by their ordinance in that there was no question whatsoever of these gentlemen taking part in Bombay in a no-tax campaign in the United Provinces. So far as the Frontier Province is concerned on the Government's own showing there appears to be no warrant for either the promulgation of the ordinance or the arrest and imprisonment without trial of Khan Abdul Ghaffar Khan and his co-workers. The Working Committee regards the shootings in that province of innocent and unarmed men to be wanton and inhuman and congratulates the brave men of the Frontier Province upon their courage and endurance and the Working Committee has no doubt that if the brave people of the Frontier Province retain their non-violent spirit in spite of the gravest provocations their blood and their sufferings would advance the cause of India's independence. The Working Committee calls upon the Government of India to institute a public and impartial enquiry into the events that have led up to the passing of these ordinances, the necessity of superseding the ordinary courts of law and legislative machinery, and the necessity of several acts committed thereunder. And thereafter if a proper enquiry is set up and all facilities are given to the Working Committee for the production of evidence it will be prepared to assist the enquiry by leading evidence before it. The Working Committee has considered the declaration of the Prime Minister made before the Round Table Conference and the debates in the Houses of Parliament and regards the declaration as wholly unsatisfactory and inadequate in terms of the Congress demand and places on record its opinion that nothing short of complete independence carrying full control over the defence and external affairs and finance with such safeguards as may be demonstrably necessary in the interests of the nation can be regarded by the Congress as satisfactory. The Working Committee notes that the British Government was not prepared at the Round Table Conference to regard the Congress as representing and entitled to speak and act on behalf of the nation as a whole without distinction of caste, creed or colour. At the same time the Committee recognizes with sorrow that communal harmony could not be attained at the said Conference. The Working Committee invites the nation therefore to make ceaseless effort to demonstrate the capacity of the Congress to represent the nation as a whole and promote an atmosphere that would make a constitution framed on a purely national basis acceptable to the various communities composing the nation. Meanwhile the Working Committee is prepared to tender co-operation to the Government provided His Excellency the Viceroy reconsiders his telegram and adequate relief is granted in respect of the ordinances and its recent acts, free scope is left to the Congress in any future further negotiations and consultations to prosecute the Congress claim for complete independence, and the administration of the country is carried on in consultation with popular representatives pending the attainment of such independence. The absence of any satisfactory response from the Government in terms of the foregoing paragraph the Working Committee will regard as an indication on the part of the Government that it has reduced to nullity the Delhi pact. In the event of a satisfactory response

not forthcoming the Working Committee calls upon the nation to resume civil disobedience including non-payment of taxes under the following conditions and illustrative heads:—(1) No province or district or tahsil or village is bound to take up civil disobedience unless the people thereof understand the non-violent nature of the struggle with all its implications and are ready to undergo sufferings involving loss of life and property—(2) Non-violence must be observed in thought, word and deed in the face of the gravest provocation, it being understood that the campaign is not one of seeking revenge or inflicting injuries on the oppressor but it is one of converting him through self-suffering and self-purification—(3) Social boycott with the intention of inflicting injury on Government officers, police or anti-nationalists should not be undertaken and is wholly inconsistent with the spirit of non-violence—(4) It should be borne in mind that non-violent campaigns are independent of pecuniary assistance; therefore there should be no hired volunteers but their bare maintenance and maintenance of the dependents of poor men and women who might have been imprisoned or killed is permissible wherever it is possible. The Working Committee, however, expects workers in the cause to continue the struggle even though they might have to suffer privations—(5) Boycott of all foreign cloth whether British or of other countries is obligatory under all circumstances—(6) All Congress men and women are expected to use handspun and handwoven khaddar to the exclusion of even cloth manufactured in indigenous mills—(7) Picketing of liquor shops and foreign cloth shops should be vigorously conducted chiefly by women but always so as to ensure perfect non-violence—(8) Unlicensed manufacture and collection of salt should be resumed—(9) If processions and demonstrations are organized only those should join them who will stand *lathi* charges or bullets without moving from their respective places—(10) Even in non-violent war boycott of goods manufactured by the oppressor is perfectly lawful inasmuch as it is never the duty of the victim to promote or retain commercial relations with the oppressor. Therefore boycott of British goods and concerns should be resumed and vigorously prosecuted—(11) Civil breach of non-moral laws and of laws and orders injurious to the people wherever it is considered possible and advisable may be practised—(12) All unjust orders issued under the ordinances may be civilly disobeyed.

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4. *Telegram from the Private Secretary to His Excellency the Viceroy, to Mr. Gandhi, dated the 2nd January 1932.*

His Excellency desires me to acknowledge receipt of your telegram of 1st January which has been considered by him and his Government.

They much regret to observe that under your advice the Congress Working Committee has passed a resolution which involves general revival of civil disobedience unless certain conditions are satisfied which are stated in your telegram and the resolution.

They regard this attitude as the more deplorable in view of the declared intentions of His Majesty's Government and Government of India to expedite the policy of constitutional reform contained in the Premier's statement,

No Government, consistent with the discharge of their responsibility, can be subject to conditions sought to be imposed under the menace of unlawful action by any political organisation, nor can the Government of India accept the position implied in your telegram that their policy should be dependent on the judgment of yourself as to necessity of measures which Government have taken after the most careful and thorough consideration of the facts and after all other possible remedies had been exhausted.

His Excellency and his Government can hardly believe that you or the Working Committee contemplate that His Excellency can invite you, with the hope of any advantage, to an interview held under the threat of resumption of civil disobedience.

They must hold you and the Congress responsible for all the consequences that may ensue from the action which the Congress have announced their intention of taking and to meet which Government will take all necessary measures.

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5. Telegram from Mr. Gandhi, to the Private Secretary to His Excellency the Viceroy, dated the 3rd January 1932.

Thanks your wire even date. I cannot help expressing deep regret for decision of His Excellency and his Government. Surely it is wrong to describe honest expression opinion as threat. May I remind Government that Delhi negotiations were opened and carried on whilst civil disobedience was on and that when pact was made civil disobedience was not given up but only discontinued. This position was reasserted and accepted by His Excellency and his Government in Simla in September last prior to my departure for London. Although I had made it clear that under certain circumstances Congress might have to resume civil disobedience Government did not break off negotiations. That it was made clear by Government that civil disobedience carried with it penalty for disobedience merely proves what civil resisters bargain for but does not in any way affect my argument. Had Government resented attitude it was open to them not to send me to London. On the contrary my departure had His Excellency's blessings. Nor is it fair or correct to suggest that I have ever advanced the claim that any policy of Government should be dependent on my judgment. But I do submit that any popular and constitutional Government would always welcome and sympathetically consider suggestions made by public bodies and their representatives and assist them with all available information about their acts or ordinances of which public opinion may disapprove. I claim that my messages have no other meaning than what is suggested in last paragraph. Time alone will show whose position was justified. Meanwhile I wish to assure Government that every endeavour will be made on part of Congress to carry on struggle without malice and in strictly non-violent manner. It was hardly necessary to remind me that Congress and I its humble representative are responsible for all the consequences of our actions.

MGIPC—L—VII-10—7-10-33—6,000.

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